

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

MAR 24 2010

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

ADJUSTMENT OF RATES OF
KENTUCKY POWER COMPANY

)

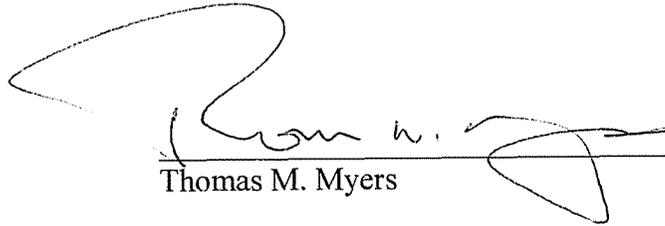
) Case No. 2009-00459

KENTUCKY POWER COMPANY RESPONSES TO
KIUC SECOND SET OF DATA REQUESTS

March 24, 2010

AFFIDAVIT

Thomas M. Myers, upon first being duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.


Thomas M. Myers

State of Ohio)
) Case No. 2009-00459
County of Franklin)

Subscribed and sworn to before me, a Notary Public, by Thomas Myers this
22nd day of March 2010.

Barbara R. Pletcher
Notary Public

My Commission Expires October 1, 2013

BARBARA R. PLETCHER
NOTARY PUBLIC • STATE OF OHIO
Recorded in Franklin County
My commission expires Oct. 1, 2013

AFFIDAVIT

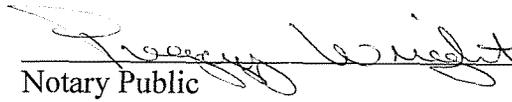
Hugh E. McCoy, upon first being duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.



Hugh E. McCoy

State of Ohio)
)ss
County of Franklin)

Subscribed and sworn to before me, a Notary Public, by Hugh E. McCoy this 19th
day of March 2010.



Notary Public

My Commission Expires 5-24-2010



PEGGY WRIGHT
Notary Public, State of Ohio
My Commission Expires
5-24-2010

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-15.

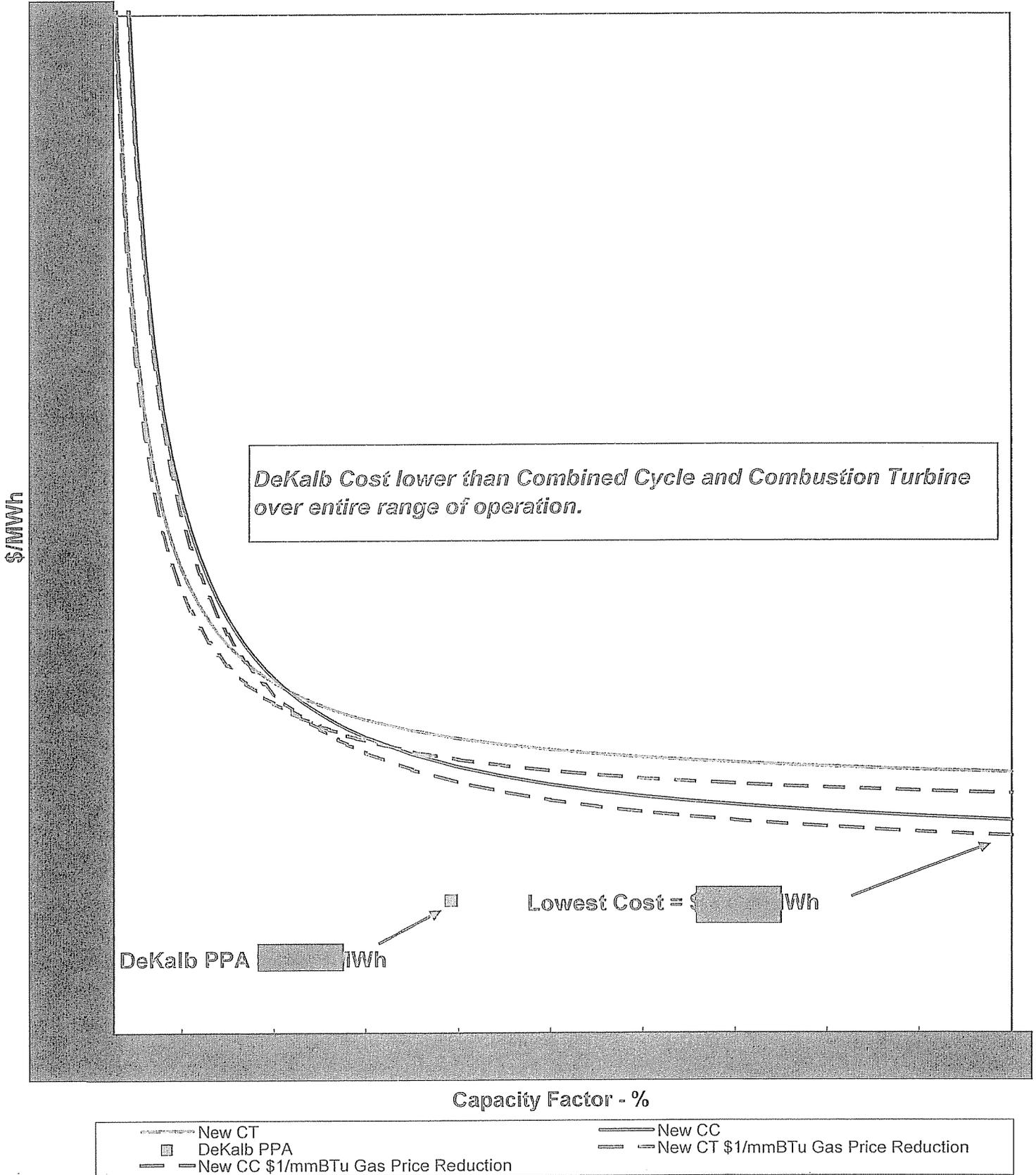
- a. Please provide the entirety of the analysis summarized in the response, including all assumptions, data, computations and spreadsheets with formulas intact. This includes, but is not limited to, the effects of all emission costs on the CCCT and CT life cycle analyses.
- b. Please provide all assumptions regarding carbon costs included in the CCCT and CT life cycle analyses.
- c. Please provide all assumptions and computations of AEP pool capacity value reflected in each supply side alternative.

RESPONSE

The Confidential Excel spreadsheet file is provided on the enclosed CD. The public redacted copy is provided in a hard copy attached to this response. With regard to part (c), AEP Pool capacity value was not considered in the analysis for any of the alternatives. As requested in KIUC 1-15, the analysis presents a life-cycle cost comparison. Confidential protection of portions, not already requested in relation to KIUC 1-15, of the attachment is being requested in the form of a Motion for Confidential Treatment.

WITNESS: Scott C Weaver

DeKalb vs. New CT & New CC 2010 - 2030 Levelized All-in Cost



AEP SYSTEM-EAST ZONE
New Generation Technologies
Key Supply-Side Resource Option Assumptions (a)(b)(c)

Type	Capability (MW)			Installed Cost (d) (\$/kW)	Trans. Cost (e) (\$/kW)	Full Load Heat Rate (HHV,Btu/kWh)	Variable O&M (\$/MWh)	Fixed O&M (\$/kW-yr)	Emission Rates		
	(Unforced Capacity)								SO2	NOx	CO2
	Std. ISO	Winter	Summer						(Lb/mmBtu)	(Lb/mmBtu)	(Lb/mmBtu)
Intermediate											
Combined Cycle (2X1 GE7FA, w/ Duct Firing)	580	598	545						0.0007	0.008	116.0
Peaking											
Combustion Turbine (4X1GE7FA)	627	652	600						0.0007	0.033	116.0
Notes: (a) Installed cost, capability and heat rate numbers have been rounded (b) All costs in 2008 dollars (c) \$/kW costs are based on Unforced Capacity. (d) Total Plant & Interconnection Cost w/AFUDC (e) Transmission Cost (\$/kW,w/AFUDC)											

**AEP SYSTEM-EAST ZONE
 Combined Cycle (2X1 GE7FA, w/ Duct Firing)**

Input Parameters		2008	2010	2008	2010	2008	2010	2008	2010	2008	2010	2008	2010	2008	2010
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	
Year of Cost Estimates	First Year of Analysis	Discount Rate (%)	Generator Escalator	Generation Carrying Charge Rate (%)	Transmission Carrying Charge Rate (%)	New Capacity Cost (\$/kW)	New Transmission Cost (\$/kW)	Fixed O&M (\$/kW-Yr)	Variable O&M (\$/MWh)	Capacity Factor (%)	Heat Rate (MBtu/MWh)	SO2 Emission Rate (lb./MBtu)	NOx Emission Rate (lb./MBtu)	CO2 Emission Rate (lb./MBtu)	
				13.08	14.69										30.0
															7.660
															0.0007
															0.008
															116

Year	Fuel Cost Escalation		Present Value Factor	Fixed Costs				Variable Costs				Total Annual Costs (\$/MWh)	Allowance Costs - \$/Ton CO2				
	(1)	(2)		Carrying Charge Generation (\$/kW)	Trans. (\$/kW)	Fixed O&M (\$/kW)	Total (\$/kW)	Fuel Cost (\$/MWh)	SO2 Cost (\$/MWh)	NOx Cost (\$/MWh)	CO2 Cost (\$/MWh)		SO2	NOx	CO2		
2010	1.040	0.9217	0.9217														
2011	1.061	0.8495	0.8495														
2012	1.082	0.7829	0.7829														
2013	1.104	0.7216	0.7216														
2014	1.126	0.6650	0.6650														
2015	1.149	0.6129	0.6129														
2016	1.172	0.5649	0.5649														
2017	1.195	0.5207	0.5207														
2018	1.219	0.4799	0.4799														
2019	1.243	0.4423	0.4423														
2020	1.268	0.4076	0.4076														
2021	1.294	0.3757	0.3757														
2022	1.319	0.3463	0.3463														
2023	1.346	0.3191	0.3191														
2024	1.373	0.2941	0.2941														
2025	1.400	0.2711	0.2711														
2026	1.428	0.2499	0.2499														
2027	1.457	0.2303	0.2303														
2028	1.486	0.2122	0.2122														
2029	1.516	0.1956	0.1956														
2030	1.546	0.1803	0.1803														
													Present Worth	9.6436			
													Levelized				
																Total Fixed Costs (\$/kW)	
																Total Variable Costs (\$/MWh)	

**AEP SYSTEM-EAST ZONE
 Combustion Turbine (4X1GE7FA)**

Input Parameters		2008	(E)	Generation Carrying Charge Rate (%)	13.08	(K)	Capacity Factor (%)	30.0
(A)	Year of Cost Estimates	2010	(F)	Transmission Carrying Charge Rate (%)	14.69	(L)	Heat Rate (MBtu/MWh)	10,390
(B)	First Year of Analysis	8.50	(G)	New Capacity Cost (\$/kW)		(M)	SO2 Emission Rate (lb./MBtu)	0.0007
(C)	Discount Rate (%)	2.0%	(H)	New Transmission Cost (\$/kW)		(N)	NOx Emission Rate (lb./MBtu)	0.033
(D)	Generator Escalator		(I)	Fixed O&M (\$/kW-Yr)		(O)	CO2 Emission Rate (lb./MBtu)	116
			(J)	Variable O&M (\$/MWh)				

Year	Fixed Costs				Variable Costs				Total Annual Costs (\$/MWh) (15)=(9)+(14)								
	Fuel Cost (\$/MBtu) (1)	Escalation Factor (2)	Present Value Factor (3)	Carrying Charge Generation (\$/kW) (4)	Trans. (\$/kW) (5)	Fixed O&M (\$/kW) (6)	Total (\$/kW) (7)=(4)+(5)+(6)	Fuel Cost (\$/MWh) (9)		SO2 Cost (\$/MWh) (10)	NOx Cost (\$/MWh) (11)	CO2 Cost (\$/MWh) (12)	Variable O&M (\$/MWh) (13)	Total (\$/MWh) (14)=(9)+(10)+(11)+(12)+(13)	SO2 Allowance Costs - \$/Ton (15)	NOx Allowance Costs - \$/Ton (16)	CO2 Allowance Costs - \$/Ton (17)
2010																	
2011																	
2012																	
2013																	
2014																	
2015																	
2016																	
2017																	
2018																	
2019																	
2020																	
2021																	
2022																	
2023																	
2024																	
2025																	
2026																	
2027																	
2028																	
2029																	
2030																	
Present Worth										9.6436							
Levelized																	
Total Fixed Costs (\$/kW)																	
Total Variable Costs (\$/MWh)																	

**AEP SYSTEM-EAST ZONE
 Combustion Turbine (4X1GE7FA)**

Input Parameters		2008	(E)	Generation Carrying Charge Rate (%)	13.08	(K)	Capacity Factor (%)	30.0
(A)	Year of Cost Estimates	2010	(F)	Transmission Carrying Charge Rate (%)	14.69	(L)	Heat Rate (MBtu/MWh)	10.390
(B)	First Year of Analysis	8.50	(G)	New Capacity Cost (\$/kW)		(M)	SO2 Emission Rate (lb./MBtu)	0.0007
(C)	Discount Rate (%)	2.0%	(H)	New Transmission Cost (\$/kW)		(N)	NOx Emission Rate (lb./MBtu)	0.033
(D)	Generator Escalator		(I)	Fixed O&M (\$/kW-Yr)		(O)	CO2 Emission Rate (lb./MBtu)	116
			(J)	Variable O&M (\$/MWh)				

Year	Fuel Cost (\$/MBtu)	Escalation Factor	Present Value Factor	Fixed Costs			Variable Costs				Total Annual Costs (\$/MWh)	Allowance Costs - \$/Ton				
				Carrying Charge Generation (\$/kW)	Trans. (\$/kW)	Fixed O&M (\$/kW)	Fuel Cost (\$/MWh)	SO2 Cost (\$/MWh)	NOx Cost (\$/MWh)	CO2 Cost (\$/MWh)		SO2	NOx	CO2		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
2010	1.040	0.9217														
2011	1.061	0.8495														
2012	1.082	0.7829														
2013	1.104	0.7216														
2014	1.126	0.6650														
2015	1.149	0.6129														
2016	1.172	0.5649														
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2018	1.219	0.4799														
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2020	1.268	0.4076														
2021	1.294	0.3757														
2022	1.319	0.3463														
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2025	1.400	0.2711														
2026	1.428	0.2499														
2027	1.457	0.2303														
2028	1.486	0.2122														
2029	1.516	0.1956														
2030	1.546	0.1803														
Present Worth Levelized			9.6436													
													Total Fixed Costs (\$/MWh)			
													Total Variable Costs (\$/MWh)			

KPSC Case No. 2009-00459
 KIUC 2nd Set of Data Requests
 Dated March 11, 2010
 Item No. 1 - Public
 Page 8 of 8

	KPCo/ LDWEC Wind Capacity (Nameplate) MW	KPCo/ LDWEC Wind Energy GWh	LDWEC PPA Cost (\$M)	PPA \$/MWh	Present Value Factor
<i>CONFIDENTIAL COMPONENTS</i>					
2010 ⁽⁵⁾	100				0.9217
2011	100				0.8495
2012	100		1.025835		0.7829
2013	100		1.019176		0.7216
2014	100		1.0225		0.6650
2015	100		1.0225		0.6129
2016	100		1.025835		0.5649
2017	100		1.019175		0.5207
2018	100		1.0225		0.4799
2019	100		1.0225		0.4423
2020	100		1.025835		0.4076
2021	100		1.019175		0.3757
2022	100		1.0225		0.3463
2023	100		1.0225		0.3191
2024	100		1.0225		0.2941
2025	100		1.0225		0.2711
2026	100		1.0225		0.2499
2027	100		1.0225		0.2303
2028	100		1.0225		0.2122
2029	100		1.0225		0.1956
2030	100		0.51125		0.1803
					9.6436

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-16(b). Please confirm that the monthly capacity value will not vary by month depending on actual or expected seasonal wind conditions. If this is not correct, then please provide the information originally requested.

RESPONSE

The pool capacity credit for wind purchases is based on expected annual energy and therefore will not vary monthly. However, each year, the capacity credit for each wind purchase will be revised based upon a three-year average of generation from that facility.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-17.

- a. Please provide the computations for column E on page 2 of 6, including all assumptions, data, and electronic spreadsheets with formulas intact.
- b. Please provide the transmission costs for the wind power purchases for each year. Provide the assumptions, data, computations and electronic spreadsheets with formulas intact.

RESPONSE

The Confidential spreadsheet was previously provided in response to KIUC 1-17 but is now being provided on the enclosed CD. The public redacted copy is being provided in a hard copy attached to this response. The computations for column E can be traced through the links to the column E values. No transmission cost was assumed for the wind power purchases. Confidential protection of portions of the information on the spreadsheet were previously requested in the form of a Motion for Confidential Treatment.

WITNESS: Scott C Weaver

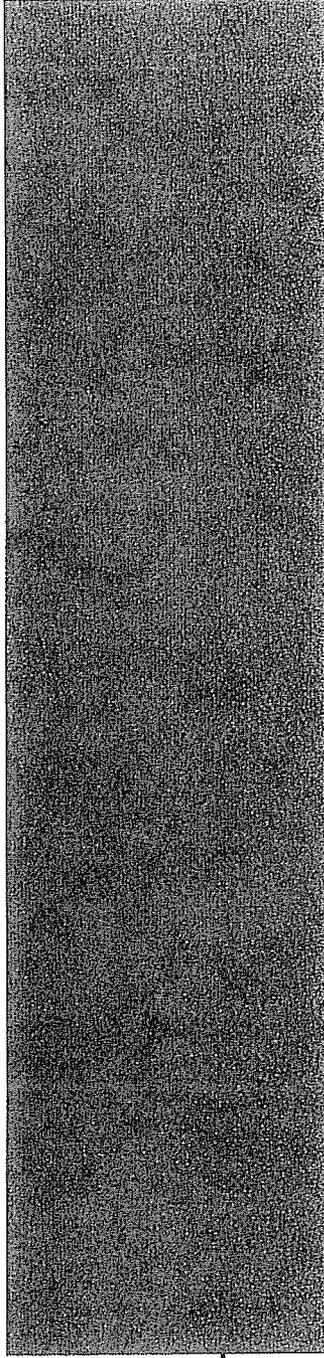
AEP EAST SYSTEM
Capacity Equalization Settlement
(\$000s)

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

KPCo with Lee-Dekalb wind purchase 7/2010

KPCo w/o Lee-Dekalb wind purchase

Impact to KPCo Capacity Payment:



Year	Renewable Energy Certificate (\$/MWh) - Nominal \$'s
2009	
2010	
2011	
2012	
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-21.

- a. Please confirm that the availability and value of RECs are assumptions at this time.
- b. Please identify and describe the source(s) of the Company's assumption as to the value of RECs. Provide a copy of all source documents and computations relied on for the Company's assumption, if any.

RESPONSE

- a. Yes. The availability of RECs is based on a national market assuming national renewable energy legislation is enacted. The REC value also assumes such legislation.
- b. The long term renewable forecast has been developed by examining current and proposed legislation. At the state level, 29 of 50 states have either a renewable portfolio standard or goal, and at the Federal level, both chambers have submitted bills to have a national renewable portfolio standard. For example, H. R. 2454, Subtitle A, Sec 101, "Sec. 610 (b)(1)" states that, beginning in 2012 "each retail electric supplier shall submit to the Commission an amount of Federal renewable electricity credits...that...is equal to such retail electric supplier's annual combined target as set forth in subsection (d)...". In addition, Sec 101 also states that RECs can be traded or banked, and can be earned by producing electricity from any renewable energy resource.

The long-term forecast uses existing state level programs to identify renewable resources that are consistently included in state programs to develop eligible federal resources - wind, solar, and biomass. However, the forecast uses national targets, timing, etc. to develop the renewable energy certificate value. Renewable policy remains fluid at both the state and federal level. As such, the Company has deferred to a national renewable program.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-24(c). Please provide the information requested without reference to whether the "avoided variable non-FAC expenses" are reflected in Exhibit SCW-3.

RESPONSE

As noted in footnote (2) of Exhibit SCW-3, if LDWEC is not assigned to KPCO it was assumed it would be assigned to another operating company. The AEP System dispatch is assumed to be unchanged, and therefore there would not be any avoided variable non-FAC expenses.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-24(e) and (f). Please identify each of the amounts that are responsive these requests that were provided in response to KIUC 1-17.

RESPONSE

The amounts responsive to KIUC 1-24(e) and (f) are in column E of the workpaper provided in response to Item No. 17, First Set.

WITNESS: Scott C Weaver

Kentucky Power Company

REQUEST

Refer to the Adjustment 46 and the Company's response to KIUC 1-26. Please provide a computation of the amount of the wind power capacity costs that the Company projects will be incurred in 2010. In addition, please provide the date at which the Company projects that it will incur the purchased power expense pursuant to the wind power PPA.

RESPONSE

If the Commission issues a final, non-appealable order in June, 2010 approving the wind PPA, the half-year cost of the 100 MW Wind Power Contract would be approximately \$10 million. The half-year effect of the pool capacity savings would be approximately \$2.657 million.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-26. Please confirm yes or no that the annualized amount will not be incurred until calendar year 2011.

RESPONSE

The Company is unable to "confirm yes or no" that the annualized amount will not be incurred until calendar year 2011.

The wind renewable energy purchase agreement ("REPA") will become effective upon the receipt of a final, non-appealable order from the Commission approving the terms and conditions of the REPA, and authorizing Kentucky Power to recover all jurisdictional costs associated with the REPA through its base rates.

The Company can not predict with the certainty required by a "yes or no" answer that the Commission will approve the REPA, that the Commission will authorize Kentucky Power to recover all jurisdictional costs associated with the REPA through its base rates, or when a final, non-appealable order will be entered. The Company nevertheless anticipates that the REPA will become effective during calendar year 2010, and that the Company will incur some portion of the annualized amount of REPA expenses during calendar year 2010.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-29. Please provide the information requested by incentive compensation plan. The Company should be able to disaggregate the monthly expense accruals based on the amounts or percentages included in the labor loading rates. The information requested does not have to be provided by department.

RESPONSE

The information is provided on page 2 of this response.

WITNESS: Ranie K Wohnhas

Kentucky Power Company
 Incentive By Plan Type
 For the Test Year Ended September 30, 2009

AEPSC Employees	Per Books - Test Year												Per Books Total	Incentive @ 1 Payout	Protoforma Adjustment		
	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09					
Incentive Plan																	
Kentucky Power Company	\$ 55,381	\$ 54,416	\$ 388,321	\$ (131,374)	\$ 8,125	\$ (101,319)	\$ -	\$ -	\$ 60,927	\$ (451)	\$ 14,875	\$ (41,927)	\$ 306,575	\$ 426,200	\$ -	\$ 119,625	
Generation	41,257	42,183	101,505	15,627	12,143	(18,750)	-	-	74,068	4,571	19,754	(16,137)	276,221	384,002	-	107,781	
Transmission	78,357	71,621	594,079	(46,104)	(137,375)	(69,932)	(266)	-	100,486	114,669	53,758	(53,409)	705,866	1,001,904	-	296,008	
Corporate & Shared Services	27,703	27,530	248,931	(48,058)	6,104	(3,212)	-	-	72,220	1,292	17,297	(2,432)	347,375	482,920	-	135,645	
Customer & Distribution Services	(44,519)	(46,115)	(418,949)	(24,221)	3,918	(440,899)	39,584	64,479	75,529	46,005	178,089	200,297	8,157	784,153	-	775,997	
Long Term Incentive	12,160	11,534	87,691	(24,221)	3,918	6,257	19,713	19,713	28,228	(2,629)	6,416	(11,932)	117,361	163,155	-	45,794	
COO & Other	33,216	33,943	36,570	21,872	21,872	(7,202)	19,713	19,713	12,704	49,657	25,565	9,695	384,039	533,890	-	149,851	
Commercial Operations																	
Total	\$ 203,556	\$ 195,113	\$ 1,038,088	\$ (35,897)	\$ 198,802	\$ (635,058)	\$ 59,031	\$ 84,192	\$ 424,773	\$ 213,114	\$ 315,735	\$ 84,155	\$ 2,145,624	\$ 3,776,224	\$ -	\$ 1,630,601	

Kentucky Power Company Employees

Kentucky Power Company Employees	Per Books - Test Year												Per Books Total	Incentive @ 1 Payout	Protoforma Adjustment		
	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09					
Incentive Plan																	
Kentucky Power Company	\$ 119,360	\$ 119,360	\$ 734,984	\$ 22,400	\$ 22,400	\$ (163,662)	\$ -	\$ -	\$ 232,110	\$ 77,370	\$ 77,367	\$ (98,780)	\$ 1,142,899	\$ 1,404,173	\$ -	\$ 261,274	
Generation	68,020	68,020	542,469	13,000	13,000	(30,373)	-	-	138,440	46,140	46,160	(60,350)	844,526	814,534	-	(29,992)	
Transmission	23,960	23,580	77,438	4,400	4,400	(37,484)	-	-	41,440	13,800	13,820	(18,180)	147,174	250,829	-	103,655	
Corporate & Shared Services	14,540	14,540	80,182	2,800	2,800	(39,096)	-	-	27,560	9,180	9,200	(11,870)	109,826	166,281	-	56,455	
Customer & Distribution Services	-	-	(116,611)	(49,611)	(27,800)	(20,900)	9,000	17,200	28,700	12,000	50,400	65,900	(85,422)	206,705	-	292,127	
Long Term Incentive	1,780	1,780	10,112	400	400	(486)	-	-	3,730	1,230	1,240	(1,550)	18,636	22,760	-	4,124	
COO & Other																	
Commercial Operations																	
Total	\$ 200,960	\$ 200,280	\$ 1,328,584	\$ (6,611)	\$ 15,200	\$ (282,021)	\$ 9,000	\$ 17,200	\$ 471,970	\$ 159,720	\$ 198,167	\$ (124,630)	\$ 2,177,639	\$ 2,865,282	\$ -	\$ 687,643	

Kentucky Power Company

REQUEST

Refer to Workpaper S-4 page 33.

- a. Please describe how the Company computed the amounts in the column entitled "Monthly Increase Granted" and describe the data and source of the data utilized in the computations. Please indicate if the information in this column includes AEPSC.
- b. Please provide a computation of annualized wages and salaries using the pay periods ending in September 2009 on both a total and expense basis. If this amount is different than the amount shown on Workpaper S-4 page 34 line 1, then please provide a reconciliation.
- c. Please provide the actual test year wages and salaries in the test year on both a total and expense basis.
- d. Please provide a schedule showing the Company's full-time equivalent employees at the end of each month by department during the test year, the thirteen months preceding the test year, and all months for which actual information is available subsequent to the test year.

RESPONSE

- a. The amounts in column 3 represent all merit increases, promotions, new hires, transfer ins, transfer outs and retirements by month. The data comes from our human resources department. This information is for Kentucky Power Employees only.
- b. The computation of annualized wages and salaries shown on Workpaper S-4, page 33 was only for employees who had a wage change in the categories mentioned in a. above. The annual salary shown on Workpaper S-4, page 34 is for all employees pay grade 33 and below as of 9/30/09. The annualized amount shown on Workpaper S-4, page 33, line 13, column 5 is included in Workpaper S-4, page 34, line 1 since it the employees' salary at 9/30/09 was used in the calculation.

- c. Please see Section V, Workpaper S-7, Page 3 of the original filing.
- d. Actual FTE's from August 2007 through February 2010 are shown on pages 3 and 4 of this response.

WITNESS: Ranie K. Wohnhas

Department	2008												2008 Total					
	Years Months																	
	2007	2008																
	(08) Aug	(09) Sep	(10) Oct	(11) Nov	(12) Dec	(01) Jan	(02) Feb	(03) Mar	(04) Apr	(05) May	(06) Jun	(07) Jul	(08) Aug	(09) Sep	(10) Oct	(11) Nov	(12) Dec	
10129 Pikeville Meter Revenue Opers	19	19	19	19	19	19	19	19	19	19	19	16	17	16	16	16	16	211
10216 Ashland Const	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36	432
10512 Hazard Meter Revenue Opers	15	15	15	15	15	15	15	15	15	15	15	14	12	12	13	13	13	162
10695 Pikeville Const	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	27	324
11171 Fleet Services - AP/KGP/KYP	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	11	132
11213 Workplac Svcs WV/VA/KY	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	36
11266 Ashland Meter Revenue Opers	16	16	16	16	16	16	16	16	16	16	16	15	13	12	12	12	12	167
11439 Kentucky State Office	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	32
11680 Pikeville Cust&Distrib Support	16	16	16	16	16	16	16	16	16	16	16	16	15	15	15	15	15	186
11683 Hazard Const	31	30	30	30	30	30	30	31	31	31	31	31	31	31	31	31	31	370
11685 Williamson/Paintsville Constru	15	15	15	15	15	15	15	15	15	15	14	14	15	15	15	15	15	177
11783 Regulatory Services - Kentucky	5	5	5	5	5	5	5	5	5	5	5	5	6	6	6	6	6	65
11834 ED DSIW Compliance	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	12
12144 Field Operations Ashland	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	12	144
12389 Hazard Cust&Distrib Support	11	11	11	11	11	10	10	10	10	10	10	10	10	10	10	10	10	130
12392 Kentucky Bus Oper Support	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	24
12393 Ashland Cust&Distrib Support	11	11	11	11	11	11	11	11	11	11	10	12	11	11	11	11	11	132
12394 Kentucky Corp Comm	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	12
12395 Kentucky Safety & Health	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	12
12396 Cust&Distrib Service Support	14	14	14	15	17	17	16	16	16	16	15	15	15	15	16	16	16	189
12633 GIS Ashland Graphics	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	3	36
12681 Kentucky Forestry	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	2	24
12682 Kentucky Distribution Dispatch	13	13	13	12	12	12	12	12	12	13	13	13	13	13	13	13	13	153
12778 SC Operations - KY	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	12
12779 Hazard Matl Svcs	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	48
12780 Ashland Matl Svcs	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	60
12874 SC Operations - Wires	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	60
12961 Pikeville MRO Mtr Electricians	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	18
12962 Ashland MRO Mtr Electricians	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	12
12963 Hazard MRO Mtr Electricians	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	12
12814 University Eng & Tech Program	283	282	282	282	284	283	282	283	283	284	283	286	284	287	285	285	285	3413
110 Kentucky Power Co - Dist Total	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	84
117 Kentucky Power Co - Gene	129	129	129	129	128	127	128	132	135	135	137	138	138	135	134	135	135	1618
10107 Big Sandy Plant Stores	136	136	136	136	135	134	135	139	142	142	144	145	145	142	141	142	143	1702
10218 Big Sandy Plant	16	16	16	16	17	17	17	17	17	17	17	17	17	17	17	17	17	203
11076 Plant Engineering Region 2	23	22	22	22	22	22	22	22	22	22	22	24	24	23	22	22	22	269
10918 Trans Station Term/Kentucky	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	84
11039 Trans Station Ashland	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	84
11406 Trans Line Columbus	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	9
11637 Trans Line Roanoke	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	9
12632 Transmission Forestry	54	53	53	53	54	54	54	54	54	54	54	56	56	55	54	53	53	649
180 Kentucky Power Co - Trans Total	473	471	471	471	473	471	473	475	479	480	481	487	485	484	480	480	480	5764
Grand Total	283	282	282	282	284	283	282	283	283	284	283	286	284	287	285	285	285	3413

Department	2009 Total												2010		Grand Total	
	(01) Jan	(02) Feb	(03) Mar	(04) Apr	(05) May	(06) Jun	(07) Jul	(08) Aug	(09) Sep	(10) Oct	(11) Nov	(12) Dec	(01) Jan	(02) Feb		
10129 Pikeville Meter Revenue Opers	16	16	16	16	16	16	16	16	16	15	16	16	191	16	32	529
10216 Ashland Const	36	36	36	36	36	36	36	35	35	35	35	35	427	35	70	1109
10512 Hazard Meter Revenue Opers	13	13	13	13	13	13	13	13	13	13	13	13	156	13	26	419
10695 Pikeville Const	27	27	27	27	26	26	27	27	27	27	28	28	324	28	55	838
11171 Fleet Services - AP/KGP/KYP	11	11	11	11	11	10	10	10	10	10	9	9	123	10	20	330
11213 Workplace Svcs WV/VA/KY	3	3	3	3	3	3	3	3	3	3	3	3	36	3	6	93
11266 Ashland Meter Revenue Opers	12	12	12	11	11	11	10	10	11	13	13	13	139	13	26	412
11439 Kentucky State Office	3	3	3	3	3	3	3	3	3	3	3	3	36	3	6	89
11680 Pikeville Cust&Distrib Support	15	15	15	15	15	15	15	15	15	15	15	15	180	15	30	476
11683 Hazard Const	31	31	31	31	31	31	31	31	31	30	29	29	368	29	58	947
11685 Williamson/Paintsville Constru	15	15	15	15	15	15	15	15	15	15	15	15	180	15	30	462
11783 Regulatory Services - Kentucky	6	6	6	6	6	6	6	6	6	6	6	6	72	6	12	174
11834 ED DSM Compliance	1	1	1	1	1	1	1	1	1	1	1	1	12	2	4	33
12144 Field Operations Ashland	12	12	12	12	12	12	12	12	12	12	12	12	144	12	24	372
12389 Hazard Cust&Distrib Support	10	10	10	10	10	10	9	9	9	10	10	10	117	10	20	321
12392 Kentucky Bus Oper Support	2	2	2	8	8	8	8	8	8	8	8	8	78	8	16	128
12393 Ashland Cust&Distrib Support	11	11	11	11	11	11	11	11	11	11	11	11	132	10	21	340
12394 Kentucky Corp Comm	1	1	1	1	1	1	1	1	1	1	1	1	12	1	2	31
12395 Kentucky Safety & Health	1	1	1	1	1	1	1	1	1	1	1	1	12	1	2	31
12396 Cust&Distrib Service Support	16	16	16	11	11	11	11	10	10	10	10	10	142	10	20	428
12633 GIS Ashland Graphics	3	3	3	3	3	3	3	3	3	3	3	3	36	3	6	93
12681 Kentucky Forestry	4	4	4	4	4	4	4	4	4	4	4	4	48	4	8	113
12682 Kentucky Distribution Dispatch	13	13	13	13	13	13	13	13	13	13	13	13	156	13	26	397
12778 SC Operations - KY	1	1	1	1	1	1	1	1	1	1	1	1	9	1	2	28
12779 Hazard Matl Svcs	4	4	4	4	4	4	4	4	4	4	4	4	48	4	8	124
12780 Ashland Matl Svcs	6	6	6	6	6	6	6	6	6	6	6	6	64	6	12	161
12781 SC Operations - Wires	4	4	4	4	4	4	4	4	4	4	4	4	56	5	10	151
12874 SC Operations - Wires	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2	3
12961 Pikeville MRO Mtr Electricians	3	3	3	3	3	3	3	3	3	3	3	3	36	3	6	60
12962 Ashland MRO Mtr Electricians	2	2	2	2	2	2	2	2	2	2	2	2	24	2	4	47
12963 Hazard MRO Mtr Electricians	2	2	2	2	2	2	2	2	2	2	2	2	24	2	4	40
12814 University Eng & Tech Program	284	284	283	283	283	282	281	280	281	282	283	282	3388	283	565	8780
110 Kentucky Power Co - Dist Total	7	7	7	6	6	6	6	6	6	6	6	6	75	6	12	206
117 Kentucky Power Co - Gene	136	135	135	135	135	136	136	134	134	134	134	134	1618	133	264	4142
10107 Big Sandy Plant Stores	6	6	6	6	6	6	6	6	6	6	6	6	72	6	12	84
10218 Big Sandy Plant	149	148	148	147	147	148	148	146	146	146	146	146	1765	145	288	4432
11076 Plant Engineering Region 2	16	16	16	16	16	16	16	15	15	15	16	16	189	16	32	506
10918 Trans Station Tenn/Kentucky	22	22	22	22	22	22	22	21	21	21	21	21	259	20	40	679
11039 Trans Station Ashland	7	7	7	7	7	7	7	7	7	7	7	7	84	7	14	217
11406 Trans Line Columbus	7	7	7	7	7	7	7	7	7	7	7	7	78	6	12	209
11637 Trans Line Roanoke	7	7	7	7	7	7	7	6	6	6	6	6	78	6	12	209
12632 Transmission Forestry	52	52	52	52	52	52	51	49	49	49	50	49	610	49	98	1625
180 Kentucky Power Co - Trans Total	485	484	483	482	482	482	480	475	476	477	479	478	5763	477	951	14837
Grand Total																

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REQUEST

Refer to Workpaper S-3 page 34.

- a. Please provide the computation of the amount shown on line 1.
- b. Please provide the Company's budgeted wages and salaries for calendar year 2010 on both a total and expense basis.
- c. Please provide a schedule showing the Company's budgeted FTEs at the end of each month by department for calendar year 2010.

RESPONSE

- a. Please see pages 2 through 11 of this response.
- b. The Company's budgeted wages and salaries for 2010 by total and O&M are shown on pages 12 and 13 of this response.
- c. The Company's budgeted FTE's for 2010 are shown on page 14 of this response.

WITNESS: Ranie K Wohnhas

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EEMatch	SAL_ADMIN_PLAN	33andBelow	MonthNo	ANNUAL_RT	2% Inc.
1	EXEM	33AndBelow	4	84,700.00	1,694.00
2	TECH	33AndBelow	4	72,565.00	1,451.30
3	NESU	33AndBelow	4	72,428.00	1,448.56
4	U057	33AndBelow	5	60,756.80	1,215.14
5	U004	33AndBelow	5	51,313.60	1,026.27
6	EXEM	33AndBelow	4	110,600.00	2,212.00
7	ADMN	33AndBelow	4	42,407.00	848.14
8	NESU	33AndBelow	4	65,548.00	1,310.96
9	EXEM	33AndBelow	4	101,100.00	2,022.00
10	NESU	33AndBelow	4	66,207.00	1,324.14
11	U004	33AndBelow	5	63,211.20	1,264.22
12	EXEM	33AndBelow	4	81,500.00	1,630.00
13	TECH	33AndBelow	4	61,906.00	1,238.12
14	N007	33AndBelow	5	60,756.80	1,215.14
15	U004	33AndBelow	5	54,600.00	1,092.00
16	U051	33AndBelow	5	60,756.80	1,215.14
17	NESU	33AndBelow	4	69,511.00	1,390.22
18	N007	33AndBelow	5	60,756.80	1,215.14
19	U004	33AndBelow	5	61,380.80	1,227.62
20	U051	33AndBelow	5	60,756.80	1,215.14
21	N007	33AndBelow	5	60,756.80	1,215.14
22	U004	33AndBelow	5	63,211.20	1,264.22
23	N007	33AndBelow	5	60,756.80	1,215.14
24	EXEM	33AndBelow	4	143,600.00	2,872.00
25	U004	33AndBelow	5	61,380.80	1,227.62
26	TECH	33AndBelow	4	67,334.00	1,346.68
27	U051	33AndBelow	5	62,129.60	1,242.59
28	U009	33AndBelow	4	60,756.80	1,215.14
29	N007	33AndBelow	5	60,756.80	1,215.14
30	N007	33AndBelow	5	60,756.80	1,215.14
31	NESU	33AndBelow	4	69,640.00	1,392.80
32	ADMN	33AndBelow	4	43,078.00	861.56
33	U057	33AndBelow	5	60,756.80	1,215.14
34	ADMN	33AndBelow	4	39,587.00	791.74
35	EXEM	33AndBelow	4	95,600.00	1,912.00
36	U004	33AndBelow	5	63,211.20	1,264.22
37	U004	33AndBelow	5	61,380.80	1,227.62
38	U057	33AndBelow	5	60,756.80	1,215.14
39	EXEM	33AndBelow	4	80,300.00	1,606.00
40	NESU	33AndBelow	4	68,569.00	1,371.38
41	U052	33AndBelow	5	47,070.40	941.41
42	N007	33AndBelow	5	47,070.40	941.41
43	U057	33AndBelow	5	60,756.80	1,215.14
44	TECH	33AndBelow	4	59,560.00	1,191.20
45	NESU	33AndBelow	4	67,479.00	1,349.58
46	EXEM	33AndBelow	4	52,000.00	1,040.00
47	NESU	33AndBelow	4	63,776.00	1,275.52
48	ADMN	33AndBelow	4	45,376.00	907.52
49	U004	33AndBelow	5	51,313.60	1,026.27

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50 U056	33AndBelow	5	47,070.40	941.41
51 EXEM	33AndBelow	4	96,300.00	1,926.00
52 N007	33AndBelow	5	60,756.80	1,215.14
53 EXEM	33AndBelow	4	88,300.00	1,766.00
54 EXEM	33AndBelow	4	78,500.00	1,570.00
55 EXEM	33AndBelow	4	80,900.00	1,618.00
56 U004	33AndBelow	5	63,211.20	1,264.22
57 U004	33AndBelow	5	63,211.20	1,264.22
58 N007	33AndBelow	5	30,326.40	606.53
59 U052	33AndBelow	5	47,070.40	941.41
60 TECH	33AndBelow	4	61,636.00	1,232.72
61 ADMN	33AndBelow	4	39,538.00	790.76
62 N007	33AndBelow	5	60,756.80	1,215.14
63 NESU	33AndBelow	4	71,268.00	1,425.36
64 N007	33AndBelow	5	60,756.80	1,215.14
65 U057	33AndBelow	5	60,756.80	1,215.14
66 EXEM	33AndBelow	4	48,200.00	964.00
67 TECH	33AndBelow	4	48,169.00	963.38
68 U004	33AndBelow	5	63,211.20	1,264.22
69 U051	33AndBelow	5	60,756.80	1,215.14
70 U052	33AndBelow	5	38,896.00	777.92
71 EXEM	33AndBelow	4	80,600.00	1,612.00
72 EXEM	33AndBelow	4	85,000.00	1,700.00
73 U056	33AndBelow	5	30,326.40	606.53
74 EXEM	33AndBelow	4	73,700.00	1,474.00
75 ADMN	33AndBelow	4	40,000.00	800.00
76 EXEM	33AndBelow	4	80,600.00	1,612.00
77 ADMN	33AndBelow	4	39,292.00	785.84
78 U004	33AndBelow	5	63,419.20	1,268.38
79 EXEM	33AndBelow	4	73,200.00	1,464.00
80 TECH	33AndBelow	4	60,754.00	1,215.08
81 EXEM	33AndBelow	4	82,200.00	1,644.00
82 EXEM	33AndBelow	4	91,000.00	1,820.00
83 U004	33AndBelow	5	61,380.80	1,227.62
84 U057	33AndBelow	5	62,129.60	1,242.59
85 EXEM	33AndBelow	4	91,100.00	1,822.00
86 N007	33AndBelow	5	62,129.60	1,242.59
87 EXEM	33AndBelow	4	88,600.00	1,772.00
88 ADMN	33AndBelow	4	40,824.00	816.48
89 U004	33AndBelow	5	63,211.20	1,264.22
90 EXEM	33AndBelow	4	44,175.00	883.50
91 U004	33AndBelow	5	63,419.20	1,268.38
92 U057	33AndBelow	5	60,756.80	1,215.14
93 NESU	33AndBelow	4	67,636.00	1,352.72
94 U057	33AndBelow	5	60,756.80	1,215.14
95 U051	33AndBelow	5	49,025.60	980.51
96 EXEM	33AndBelow	4	68,800.00	1,376.00
97 U057	33AndBelow	5	62,129.60	1,242.59
98 U051	33AndBelow	5	60,756.80	1,215.14
99 TECH	33AndBelow	4	73,417.00	1,468.34
100 U051	33AndBelow	5	62,129.60	1,242.59
101 TECH	33AndBelow	4	61,163.00	1,223.26

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102 NESU	33AndBelow	4	70,340.00	1,406.80
103 EXEM	33AndBelow	4	84,000.00	1,680.00
104 N007	33AndBelow	5	47,070.40	941.41
105 N007	33AndBelow	5	62,129.60	1,242.59
106 N007	33AndBelow	5	62,129.60	1,242.59
107 U056	33AndBelow	5	41,579.20	831.58
108 N007	33AndBelow	5	60,756.80	1,215.14
109 ADMN	33AndBelow	4	45,413.00	908.26
110 EXEM	33AndBelow	4	77,600.00	1,552.00
111 EXEM	33AndBelow	4	84,400.00	1,688.00
112 U051	33AndBelow	5	62,129.60	1,242.59
113 EXEM	33AndBelow	4	78,000.00	1,560.00
114 NESU	33AndBelow	4	71,352.00	1,427.04
115 U051	33AndBelow	5	62,129.60	1,242.59
116 U051	33AndBelow	5	60,756.80	1,215.14
117 U051	33AndBelow	5	60,756.80	1,215.14
118 N007	33AndBelow	5	62,129.60	1,242.59
119 U051	33AndBelow	5	60,756.80	1,215.14
120 U004	33AndBelow	5	54,600.00	1,092.00
121 U057	33AndBelow	5	60,756.80	1,215.14
122 NESU	33AndBelow	4	66,580.00	1,331.60
123 U057	33AndBelow	5	60,756.80	1,215.14
124 U004	33AndBelow	5	63,419.20	1,268.38
125 U004	33AndBelow	5	63,211.20	1,264.22
126 N007	33AndBelow	5	60,756.80	1,215.14
127 U004	33AndBelow	5	63,211.20	1,264.22
128 U004	33AndBelow	5	61,380.80	1,227.62
129 U004	33AndBelow	5	54,808.00	1,096.16
130 U004	33AndBelow	5	54,808.00	1,096.16
131 TECH	33AndBelow	4	68,248.00	1,364.96
132 TECH	33AndBelow	4	66,158.00	1,323.16
133 N007	33AndBelow	5	62,129.60	1,242.59
134 EXEM	33AndBelow	4	78,800.00	1,576.00
135 U051	33AndBelow	5	62,129.60	1,242.59
136 U004	33AndBelow	5	61,380.80	1,227.62
137 N007	33AndBelow	5	49,025.60	980.51
138 EXEM	33AndBelow	4	68,100.00	1,362.00
139 U057	33AndBelow	5	62,129.60	1,242.59
140 U004	33AndBelow	5	54,600.00	1,092.00
141 NESU	33AndBelow	4	69,429.00	1,388.58
142 ADMN	33AndBelow	4	41,669.00	833.38
143 NESU	33AndBelow	4	72,666.00	1,453.32
144 U004	33AndBelow	5	61,568.00	1,231.36
145 U004	33AndBelow	5	61,380.80	1,227.62
146 EXEM	33AndBelow	4	74,400.00	1,488.00
147 EXEM	33AndBelow	4	81,000.00	1,620.00
148 TECH	33AndBelow	4	59,835.00	1,196.70
149 U052	33AndBelow	5	38,896.00	777.92
150 EXEM	33AndBelow	4	81,300.00	1,626.00
151 TECH	33AndBelow	4	62,473.00	1,249.46
152 EXEM	33AndBelow	4	98,300.00	1,966.00
153 U056	33AndBelow	5	38,896.00	777.92

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154 U004	33AndBelow	5	61,380.80	1,227.62
155 N007	33AndBelow	5	47,070.40	941.41
156 EXEM	33AndBelow	4	71,300.00	1,426.00
157 N007	33AndBelow	5	62,129.60	1,242.59
158 U004	33AndBelow	5	63,419.20	1,268.38
159 N007	33AndBelow	5	62,129.60	1,242.59
160 EXEM	33AndBelow	4	112,400.00	2,248.00
161 U004	33AndBelow	5	63,211.20	1,264.22
162 U052	33AndBelow	5	41,579.20	831.58
163 U004	33AndBelow	5	61,380.80	1,227.62
164 U004	33AndBelow	5	54,600.00	1,092.00
165 EXEM	33AndBelow	4	81,600.00	1,632.00
166 EXEM	33AndBelow	4	94,900.00	1,898.00
167 EXEM	33AndBelow	4	87,900.00	1,758.00
168 U004	33AndBelow	5	63,211.20	1,264.22
169 N007	33AndBelow	5	60,756.80	1,215.14
170 U004	33AndBelow	5	63,419.20	1,268.38
171 TECH	33AndBelow	4	65,314.20	1,306.28
172 EXEM	33AndBelow	4	79,300.00	1,586.00
173 U052	33AndBelow	5	38,896.00	777.92
174 N007	33AndBelow	5	52,790.40	1,055.81
175 U004	33AndBelow	5	63,211.20	1,264.22
176 U057	33AndBelow	5	38,875.20	777.50
177 NESU	33AndBelow	4	70,478.00	1,409.56
178 NESU	33AndBelow	4	56,575.00	1,131.50
179 N007	33AndBelow	5	53,372.80	1,067.46
180 U004	33AndBelow	5	63,211.20	1,264.22
181 NESU	33AndBelow	4	69,498.00	1,389.96
182 TECH	33AndBelow	4	60,454.00	1,209.08
183 EXEM	33AndBelow	4	102,000.00	2,040.00
184 TECH	33AndBelow	4	59,912.00	1,198.24
185 N007	33AndBelow	5	49,025.60	980.51
186 EXEM	33AndBelow	4	76,400.00	1,528.00
187 EXEM	33AndBelow	4	73,400.00	1,468.00
188 EXEM	33AndBelow	4	83,900.00	1,678.00
189 EXEM	33AndBelow	4	83,200.00	1,664.00
190 TECH	33AndBelow	4	70,825.00	1,416.50
191 EXEM	33AndBelow	4	68,300.00	1,366.00
192 U051	33AndBelow	5	49,025.60	980.51
193 N007	33AndBelow	5	60,756.80	1,215.14
194 NESU	33AndBelow	4	72,604.00	1,452.08
195 U004	33AndBelow	5	63,419.20	1,268.38
196 U004	33AndBelow	5	63,419.20	1,268.38
197 N007	33AndBelow	5	41,579.20	831.58
198 EXEM	33AndBelow	4	93,200.00	1,864.00
199 N007	33AndBelow	5	62,129.60	1,242.59
200 TECH	33AndBelow	4	68,012.00	1,360.24
201 U004	33AndBelow	5	63,211.20	1,264.22
202 U004	33AndBelow	5	63,211.20	1,264.22
203 U051	33AndBelow	5	58,552.00	1,171.04
204 EXEM	33AndBelow	4	90,500.00	1,810.00
205 TECH	33AndBelow	4	48,677.00	973.54

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206 ADMN	33AndBelow	4	49,206.00	984.12
207 N007	33AndBelow	5	62,129.60	1,242.59
208 U052	33AndBelow	5	47,070.40	941.41
209 EXEM	33AndBelow	4	110,000.00	2,200.00
210 TECH	33AndBelow	4	59,208.00	1,184.16
211 N007	33AndBelow	5	41,579.20	831.58
212 EXEM	33AndBelow	4	147,200.00	2,944.00
213 U051	33AndBelow	5	62,129.60	1,242.59
214 N007	33AndBelow	5	62,129.60	1,242.59
215 TECH	33AndBelow	4	50,800.00	1,016.00
216 U057	33AndBelow	5	60,756.80	1,215.14
217 ADMN	33AndBelow	4	43,573.00	871.46
218 U057	33AndBelow	5	60,756.80	1,215.14
219 N007	33AndBelow	5	62,129.60	1,242.59
220 EXEM	33AndBelow	4	96,700.00	1,934.00
221 TECH	33AndBelow	4	57,907.00	1,158.14
222 U051	33AndBelow	5	49,025.60	980.51
223 N007	33AndBelow	5	38,896.00	777.92
224 N007	33AndBelow	5	52,790.40	1,055.81
225 NESU	33AndBelow	4	70,352.00	1,407.04
226 N007	33AndBelow	5	60,756.80	1,215.14
227 U056	33AndBelow	5	47,070.40	941.41
228 NESU	33AndBelow	4	66,488.00	1,329.76
229 U004	33AndBelow	5	54,600.00	1,092.00
230 EXEM	33AndBelow	4	65,600.00	1,312.00
231 TECH	33AndBelow	4	61,732.00	1,234.64
232 EXEM	33AndBelow	4	101,100.00	2,022.00
233 NESU	33AndBelow	4	69,289.00	1,385.78
234 NESU	33AndBelow	4	69,604.00	1,392.08
235 U057	33AndBelow	5	60,756.80	1,215.14
236 U004	33AndBelow	5	54,600.00	1,092.00
237 TECH	33AndBelow	4	61,654.00	1,233.08
238 N007	33AndBelow	5	47,070.40	941.41
239 U057	33AndBelow	5	49,025.60	980.51
240 EXEM	33AndBelow	4	76,000.00	1,520.00
241 U004	33AndBelow	5	63,211.20	1,264.22
242 EXEM	33AndBelow	4	71,100.00	1,422.00
243 NESU	33AndBelow	4	64,909.00	1,298.18
244 NESU	33AndBelow	4	71,401.00	1,428.02
245 N007	33AndBelow	5	60,756.80	1,215.14
246 NESU	33AndBelow	4	63,975.00	1,279.50
247 EXEM	33AndBelow	4	102,600.00	2,052.00
248 U057	33AndBelow	5	60,756.80	1,215.14
249 EXEM	33AndBelow	4	73,200.00	1,464.00
250 U004	33AndBelow	5	54,600.00	1,092.00
251 U004	33AndBelow	5	63,211.20	1,264.22
252 U004	33AndBelow	5	63,211.20	1,264.22
253 EXEM	33AndBelow	4	96,400.00	1,928.00
254 EXEM	33AndBelow	4	90,300.00	1,806.00
255 U057	33AndBelow	5	60,756.80	1,215.14
256 NESU	33AndBelow	4	68,471.00	1,369.42
257 ADMN	33AndBelow	4	40,637.00	812.74

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258	ADMN	33AndBelow	4	39,755.00	795.10
259	EXEM	33AndBelow	4	77,500.00	1,550.00
260	TECH	33AndBelow	4	67,028.00	1,340.56
261	TECH	33AndBelow	4	66,241.00	1,324.82
262	EXEM	33AndBelow	4	102,000.00	2,040.00
263	U051	33AndBelow	5	62,129.60	1,242.59
264	U004	33AndBelow	5	63,211.20	1,264.22
265	U051	33AndBelow	5	62,129.60	1,242.59
266	U004	33AndBelow	5	63,211.20	1,264.22
267	EXEM	33AndBelow	4	83,200.00	1,664.00
268	EXEM	33AndBelow	4	73,200.00	1,464.00
269	ADMN	33AndBelow	4	43,644.00	872.88
270	N007	33AndBelow	5	52,790.40	1,055.81
271	EXEM	33AndBelow	4	81,000.00	1,620.00
272	ADMN	33AndBelow	4	47,632.00	952.64
273	N007	33AndBelow	5	62,129.60	1,242.59
274	N007	33AndBelow	5	49,025.60	980.51
275	U004	33AndBelow	5	63,211.20	1,264.22
276	ADMN	33AndBelow	4	39,500.00	790.00
277	EXEM	33AndBelow	4	87,500.00	1,750.00
278	EXEM	33AndBelow	4	76,000.00	1,520.00
279	TECH	33AndBelow	4	83,462.00	1,669.24
280	TECH	33AndBelow	4	55,717.00	1,114.34
281	N007	33AndBelow	5	62,129.60	1,242.59
282	U004	33AndBelow	5	61,172.80	1,223.46
283	U051	33AndBelow	5	60,756.80	1,215.14
284	U004	33AndBelow	5	63,211.20	1,264.22
285	TECH	33AndBelow	4	66,359.00	1,327.18
286	EXEM	33AndBelow	4	98,800.00	1,976.00
287	U004	33AndBelow	5	63,211.20	1,264.22
288	EXEM	33AndBelow	4	118,700.00	2,374.00
289	U057	33AndBelow	5	58,552.00	1,171.04
290	EXEM	33AndBelow	4	78,900.00	1,578.00
291	ADMN	33AndBelow	4	50,823.00	1,016.46
292	EXEM	33AndBelow	4	70,700.00	1,414.00
293	U004	33AndBelow	5	63,211.20	1,264.22
294	U004	33AndBelow	5	63,419.20	1,268.38
295	EXEM	33AndBelow	4	95,300.00	1,906.00
296	EXEM	34Up	4	220,000.00	4,400.00
297	EXEM	33AndBelow	4	118,200.00	2,364.00
298	EXEM	33AndBelow	4	156,000.00	3,120.00
299	EXEM	33AndBelow	4	69,000.00	1,380.00
300	N007	33AndBelow	5	60,756.80	1,215.14
301	U057	33AndBelow	5	60,756.80	1,215.14
302	EXEM	33AndBelow	4	90,300.00	1,806.00
303	EXEM	33AndBelow	4	89,500.00	1,790.00
304	EXEM	33AndBelow	4	85,200.00	1,704.00
305	U004	33AndBelow	5	63,419.20	1,268.38
306	TECH	33AndBelow	4	41,688.00	833.76
307	EXEM	33AndBelow	4	76,700.00	1,534.00
308	TECH	33AndBelow	4	65,218.00	1,304.36
309	N007	33AndBelow	5	62,129.60	1,242.59

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310 N007	33AndBelow	5	60,756.80	1,215.14
311 EXEM	33AndBelow	4	70,500.00	1,410.00
312 ADMN	33AndBelow	4	33,220.00	664.40
313 U051	33AndBelow	5	60,756.80	1,215.14
314 U052	33AndBelow	5	47,070.40	941.41
315 TECH	33AndBelow	4	68,778.00	1,375.56
316 U057	33AndBelow	5	58,552.00	1,171.04
317 U051	33AndBelow	5	60,756.80	1,215.14
318 U004	33AndBelow	5	63,419.20	1,268.38
319 N004	33AndBelow	4	30,035.20	600.70
320 NESU	33AndBelow	4	66,550.00	1,331.00
321 U057	33AndBelow	5	60,756.80	1,215.14
322 N007	33AndBelow	5	60,756.80	1,215.14
323 N007	33AndBelow	5	60,756.80	1,215.14
324 EXEM	33AndBelow	4	58,000.00	1,160.00
325 U051	33AndBelow	5	60,756.80	1,215.14
326 N007	33AndBelow	5	60,756.80	1,215.14
327 U057	33AndBelow	5	60,756.80	1,215.14
328 EXEM	33AndBelow	4	66,300.00	1,326.00
329 EXEM	33AndBelow	4	80,000.00	1,600.00
330 EXEM	33AndBelow	4	80,600.00	1,612.00
331 U057	33AndBelow	5	62,129.60	1,242.59
332 TECH	33AndBelow	4	69,957.00	1,399.14
333 EXEM	33AndBelow	4	96,000.00	1,920.00
334 U004	33AndBelow	5	63,211.20	1,264.22
335 U004	33AndBelow	5	63,211.20	1,264.22
336 EXEM	33AndBelow	4	58,000.00	1,160.00
337 EXEM	33AndBelow	4	98,700.00	1,974.00
338 N007	33AndBelow	5	60,756.80	1,215.14
339 NESU	33AndBelow	4	66,364.00	1,327.28
340 NESU	33AndBelow	4	71,571.00	1,431.42
341 TECH	33AndBelow	4	67,506.00	1,350.12
342 EXEM	33AndBelow	4	54,000.00	1,080.00
343 U004	33AndBelow	5	63,211.20	1,264.22
344 N007	33AndBelow	5	60,756.80	1,215.14
345 N007	33AndBelow	5	35,110.40	702.21
346 EXEM	33AndBelow	4	77,400.00	1,548.00
347 ADMN	33AndBelow	4	46,022.00	920.44
348 EXEM	33AndBelow	4	79,480.80	1,589.62
349 NESU	33AndBelow	4	64,500.00	1,290.00
350 EXEM	33AndBelow	4	75,000.00	1,500.00
351 EXEM	33AndBelow	4	80,200.00	1,604.00
352 EXEM	33AndBelow	4	83,100.00	1,662.00
353 U057	33AndBelow	5	62,129.60	1,242.59
354 EXEM	33AndBelow	4	97,700.00	1,954.00
355 EXEM	33AndBelow	4	93,600.00	1,872.00
356 NESU	33AndBelow	4	66,472.00	1,329.44
357 ADMN	33AndBelow	4	45,399.00	907.98
358 U004	33AndBelow	5	54,808.00	1,096.16
359 N007	33AndBelow	5	60,756.80	1,215.14
360 TECH	33AndBelow	4	41,447.00	828.94
361 EXEM	33AndBelow	4	90,300.00	1,806.00

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362 N007	33AndBelow	5	58,552.00	1,171.04
363 U057	33AndBelow	5	60,756.80	1,215.14
364 EXEM	33AndBelow	4	67,041.45	1,340.83
365 EXEM	33AndBelow	4	89,000.00	1,780.00
366 N007	33AndBelow	5	60,756.80	1,215.14
367 U051	33AndBelow	5	60,756.80	1,215.14
368 NESU	33AndBelow	4	66,288.00	1,325.76
369 N007	33AndBelow	5	60,756.80	1,215.14
370 EXEM	33AndBelow	4	80,000.00	1,600.00
371 U004	33AndBelow	5	61,380.80	1,227.62
372 U051	33AndBelow	5	60,756.80	1,215.14
373 TECH	33AndBelow	4	70,002.00	1,400.04
374 EXEM	33AndBelow	4	82,300.00	1,646.00
375 EXEM	33AndBelow	4	58,400.00	1,168.00
376 N007	33AndBelow	5	62,129.60	1,242.59
377 N007	33AndBelow	5	60,756.80	1,215.14
378 U009	33AndBelow	4	60,756.80	1,215.14
379 N007	33AndBelow	5	60,756.80	1,215.14
380 U009	33AndBelow	4	60,756.80	1,215.14
381 TECH	33AndBelow	4	52,495.00	1,049.90
382 N007	33AndBelow	5	60,756.80	1,215.14
383 EXEM	33AndBelow	4	80,000.00	1,600.00
384 EXEM	33AndBelow	4	121,600.00	2,432.00
385 ADMN	33AndBelow	4	37,436.00	748.72
386 ADMN	33AndBelow	4	39,372.00	787.44
387 ADMN	33AndBelow	4	34,600.00	692.00
388 U057	33AndBelow	5	62,129.60	1,242.59
389 EXEM	33AndBelow	4	83,300.00	1,666.00
390 ADMN	33AndBelow	4	36,172.00	723.44
391 EXEM	33AndBelow	4	78,500.00	1,570.00
392 N007	33AndBelow	5	47,340.80	946.82
393 N007	33AndBelow	5	60,756.80	1,215.14
394 N007	33AndBelow	5	60,756.80	1,215.14
395 N007	33AndBelow	5	30,326.40	606.53
396 U057	33AndBelow	5	48,984.00	979.68
397 N007	33AndBelow	5	58,552.00	1,171.04
398 EXEM	33AndBelow	4	57,300.00	1,146.00
399 U004	33AndBelow	5	61,568.00	1,231.36
400 U004	33AndBelow	5	61,568.00	1,231.36
401 U004	33AndBelow	5	61,568.00	1,231.36
402 U004	33AndBelow	5	61,568.00	1,231.36
403 U004	33AndBelow	5	54,808.00	1,096.16
404 EXEM	33AndBelow	4	81,800.00	1,636.00
405 EXEM	33AndBelow	4	58,000.00	1,160.00
406 U051	33AndBelow	5	60,756.80	1,215.14
407 U051	33AndBelow	5	60,756.80	1,215.14
408 N007	33AndBelow	5	60,756.80	1,215.14
409 U057	33AndBelow	5	62,129.60	1,242.59
410 U057	33AndBelow	5	62,129.60	1,242.59
411 U057	33AndBelow	5	60,756.80	1,215.14
412 U004	33AndBelow	5	52,894.40	1,057.89
413 U004	33AndBelow	5	53,102.40	1,062.05

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414 U004	33AndBelow	5	53,102.40	1,062.05
415 U004	33AndBelow	5	52,894.40	1,057.89
416 EXEM	33AndBelow	4	69,000.00	1,380.00
417 U004	33AndBelow	5	46,987.20	939.74
418 U004	33AndBelow	5	51,417.60	1,028.35
419 U004	33AndBelow	5	54,808.00	1,096.16
420 U004	33AndBelow	5	46,675.20	933.50
421 U004	33AndBelow	5	56,513.60	1,130.27
422 U004	33AndBelow	5	53,060.80	1,061.22
423 U004	33AndBelow	5	54,808.00	1,096.16
424 U004	33AndBelow	5	54,724.80	1,094.50
425 U057	33AndBelow	5	45,323.20	906.46
426 U057	33AndBelow	5	45,323.20	906.46
427 U057	33AndBelow	5	47,340.80	946.82
428 U004	33AndBelow	5	53,102.40	1,062.05
429 N007	33AndBelow	5	47,340.80	946.82
430 U004	33AndBelow	5	54,600.00	1,092.00
431 N007	33AndBelow	5	47,340.80	946.82
432 N007	33AndBelow	5	47,340.80	946.82
433 N007	33AndBelow	5	47,340.80	946.82
434 U051	33AndBelow	5	45,323.20	906.46
435 U051	33AndBelow	5	45,323.20	906.46
436 U051	33AndBelow	5	45,323.20	906.46
437 U057	33AndBelow	5	45,323.20	906.46
438 EXEM	33AndBelow	4	81,200.00	1,624.00
439 EXEM	33AndBelow	4	65,900.00	1,318.00
440 EXEM	33AndBelow	4	65,700.00	1,314.00
441 TECH	33AndBelow	4	47,476.00	949.52
442 N007	33AndBelow	5	43,763.20	875.26
443 N007	33AndBelow	5	36,004.80	720.10
444 ADMN	33AndBelow	4	28,764.00	575.28
445 EXEM	33AndBelow	4	64,300.00	1,286.00
446 U004	33AndBelow	5	43,409.60	868.19
447 U057	33AndBelow	5	53,372.80	1,067.46
448 U004	33AndBelow	5	48,235.20	964.70
449 N007	33AndBelow	5	47,340.80	946.82
450 U004	33AndBelow	5	44,699.20	893.98
451 U004	33AndBelow	5	53,102.40	1,062.05
452 EXEM	33AndBelow	4	49,900.00	998.00
453 TECH	33AndBelow	4	50,323.00	1,006.46
454 EXEM	33AndBelow	4	50,100.00	1,002.00
455 U004	33AndBelow	5	53,102.40	1,062.05
456 U004	33AndBelow	5	51,417.60	1,028.35
457 TECH	33AndBelow	4	37,377.60	747.55
458 U004	33AndBelow	5	51,417.60	1,028.35
459 U004	33AndBelow	5	53,102.40	1,062.05
460 U004	33AndBelow	5	53,268.80	1,065.38
461 U004	33AndBelow	5	53,268.80	1,065.38
462 U004	33AndBelow	5	51,417.60	1,028.35
463 U004	33AndBelow	5	44,907.20	898.14
464 U004	33AndBelow	5	48,443.20	968.86
465 U004	33AndBelow	5	44,907.20	898.14

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466 U004	33AndBelow	5	43,596.80	871.94
467 EXEM	33AndBelow	4	51,500.00	1,030.00
468 U004	33AndBelow	5	48,443.20	968.86
469 EXEM	33AndBelow	4	48,000.00	960.00
470 U057	33AndBelow	5	40,872.00	817.44
471 EXEM	33AndBelow	4	65,000.00	1,300.00
472 EXEM	33AndBelow	4	57,000.00	1,140.00
473 U057	33AndBelow	5	40,872.00	817.44
474 ADMN	33AndBelow	4	25,584.00	511.68
475 U004	33AndBelow	5	40,955.20	819.10
476 N007	33AndBelow	5	32,947.20	658.94
Total			30,137,490.85	602,749.82
Less 34 and Above Salary Grade			220,000.00	4,400.00
Total 33 and Below Salary Grade			29,917,490.85	598,349.82

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 2010 Wage and Salary Budget

Item Category	Cost Sub Component	Years #												Grand Total		
		Periods #														
of Ctrl \$		2010	(01) Jan	(02) Feb	(03) Mar	(04) Apr	(05) May	(06) Jun	(07) Jul	(08) Aug	(09) Sep	(10) Oct	(11) Nov	(12) Dec	2010 Total	Grand Total
30-Regional	Cost Sub Component		363,867	340,990	410,139	363,653	336,045	362,991	378,644	389,208	392,259	380,108	330,326	323,269	4,361,499	4,361,499
	11E Exempt Labor		544,482	434,762	594,559	529,486	466,945	516,669	516,669	551,142	514,555	580,219	494,331	493,705	6,264,229	6,264,229
	11N Non Exempt Labor		338,311	289,867	375,448	341,630	304,673	337,947	337,089	354,918	330,808	356,318	300,859	296,720	3,964,588	3,964,588
	11S Non Exempt Salaried Labor		220,021	220,021	288,085	257,529	230,800	260,144	256,474	271,051	255,459	276,612	235,540	233,321	3,046,346	3,046,346
	125 Payroll Dist Nonproductive		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	129 Labor Accrual - Nonprod load		8,848	8,765	9,664	8,423	8,327	8,972	8,333	9,517	9,424	8,785	7,832	7,994	104,884	104,884
	13E Exempt OT Labor		161,140	126,796	175,187	155,803	138,430	158,738	150,954	165,207	151,399	174,387	145,768	144,408	1,848,217	1,848,217
	13N Non Exempt OT Labor		60,977	50,231	67,397	61,763	55,197	61,804	60,961	64,903	59,805	66,702	54,230	53,998	717,968	717,968
	13S Non Exempt OT Salaried Labor		18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	18,333	219,996	219,996
	190 Payroll Trans Other (Gen)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AA Payroll Labor Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AB Labor Accrual Reversals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	USE Exempt Uncompensated Labor		1,757,268	1,489,765	1,938,812	1,736,620	1,558,750	1,752,303	1,727,457	1,824,279	1,722,042	1,661,484	1,587,219	1,571,748	20,527,727	20,527,727
7	Kentucky Power Co - Dist Total		282,353	283,003	286,507	289,648	288,465	290,652	287,267	290,350	291,393	288,780	285,306	286,160	3,449,884	3,449,884
7	Kentucky Power Co - Gene		386,895	390,301	393,263	388,695	399,301	396,045	397,331	400,854	398,690	398,951	400,202	394,317	4,744,845	4,744,845
	11E Exempt Labor		20,372	20,223	20,669	19,947	19,871	19,795	21,008	20,629	21,842	20,401	20,553	20,562	245,872	245,872
	11N Non Exempt Salaried Labor		146,091	146,847	148,211	147,478	149,597	149,163	149,598	150,597	150,913	149,849	149,720	148,493	1,786,557	1,786,557
	125 Payroll Dist Nonproductive		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	129 Labor Accrual - Nonprod load		5,969	5,973	5,973	6,093	6,101	6,094	6,094	6,087	6,085	6,094	6,083	5,746	72,392	72,392
	13E Exempt OT Labor		112,374	112,475	112,478	112,543	114,888	114,729	114,739	114,579	114,539	114,719	114,480	114,876	1,367,419	1,367,419
	13N Non Exempt OT Labor		249	253	253	257	265	258	258	252	250	247	245	245	3,044	3,044
	13S Non Exempt OT Salaried Labor		(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(91,827)	(91,827)
	190 Payroll Trans Other (Gen)		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AA Payroll Labor Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AB Labor Accrual Reversals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	USE Exempt Uncompensated Labor		946,651	951,423	959,702	957,009	970,836	969,084	968,643	975,696	976,060	971,399	968,939	962,744	11,578,186	11,578,186
7	Kentucky Power Co - Gene Total		69,984	75,007	86,169	81,079	75,857	84,183	74,780	82,405	84,847	78,919	67,958	66,024	929,212	929,212
10	Kentucky Power Co - Trans		96,266	94,839	112,936	102,200	99,553	112,506	101,014	110,785	101,007	109,247	94,004	92,060	1,226,417	1,226,417
	11E Exempt Labor		66,621	68,905	80,345	74,254	70,561	79,540	72,135	77,889	75,237	75,795	65,706	63,493	870,281	870,281
	11N Non Exempt Salaried Labor		50,271	51,352	60,107	55,254	53,081	59,539	53,561	58,511	55,667	57,074	49,207	48,166	651,790	651,790
	125 Payroll Dist Nonproductive		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	129 Labor Accrual - Nonprod load		1,210	1,359	1,592	1,487	1,402	1,538	1,317	1,520	1,538	1,436	1,182	1,233	16,814	16,814
	13E Exempt OT Labor		5,602	5,957	6,590	6,188	6,674	6,971	6,217	6,986	5,564	6,621	5,846	5,481	74,697	74,697
	13N Non Exempt OT Labor		3,848	4,261	4,915	4,616	4,494	4,864	4,213	4,827	4,602	4,562	3,829	3,880	52,911	52,911
	13S Non Exempt OT Salaried Labor		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AA Payroll Labor Accruals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AB Labor Accrual Reversals		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	USE Exempt Uncompensated Labor		293,802	301,680	352,654	325,078	311,622	348,941	313,237	342,923	328,462	333,654	287,732	282,337	3,822,122	3,822,122
80	Kentucky Power Co - Trans Total		2,997,721	2,742,868	3,251,168	3,018,707	2,841,208	3,070,328	3,009,337	3,142,898	3,026,564	2,843,890	2,843,890	2,816,829	35,928,035	35,928,035
	Grand Total		11,578,186	11,578,186	11,578,186	11,578,186	11,578,186	11,578,186	11,578,186	11,578,186	11,578,186	11,578,186	11,578,186	11,578,186	143,822,122	143,822,122

Kentucky Power Company
 2010 Wage and Salary Budget

set Category	O&M	Years #												Grand Total
		Periods #												
of Ctrl \$		(01) Jan	(02) Feb	(03) Mar	(04) Apr	(05) May	(06) Jun	(07) Jul	(08) Aug	(09) Sep	(10) Oct	(11) Nov	(12) Dec	2010 Total
U-Regional	Cost Sub Component	203,680	192,960	229,927	206,911	191,345	206,441	213,546	218,004	214,232	211,465	186,439	182,587	2,457,547
	11E Exempt Labor	309,498	252,969	337,368	301,337	269,805	308,008	301,931	311,722	293,633	325,781	280,875	277,569	3,570,496
	11N Non Exempt Salaried Labor	148,858	130,225	163,959	148,202	130,783	147,493	142,865	155,439	146,347	152,524	134,146	128,232	1,729,053
	125 Payroll Dist Nonproductive	138,852	118,565	152,638	138,844	123,163	138,065	137,362	143,551	136,176	145,255	125,798	123,462	1,619,731
	129 Labor Accrual - Nonprod load	0	0	0	0	0	0	0	0	0	0	0	0	0
	13E Exempt OT Labor	4,075	4,043	4,491	3,922	3,851	4,112	3,995	4,462	4,348	4,002	3,594	3,649	48,544
	13N Non Exempt OT Labor	130,193	101,751	141,420	125,405	111,053	127,973	121,811	132,818	121,888	140,422	117,298	116,692	1,488,724
	13S Non Exempt OT Salaried Labor	37,994	31,148	41,597	38,158	33,962	38,098	37,334	39,865	36,827	41,257	34,041	34,165	444,446
	190 Payroll Trans Other (Gen)	(92,217)	(92,217)	(92,217)	(92,217)	(92,217)	(92,217)	(92,217)	(92,217)	(92,217)	(92,217)	(92,217)	(92,217)	(1,106,604)
	1AA Payroll Labor Accruals	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AB Labor Accrual Reversals	0	0	0	0	0	0	0	0	0	0	0	0	0
	U3E Exempt Uncompensated Labor	880,933	739,444	979,163	868,562	771,745	877,973	866,627	913,644	861,234	928,489	789,974	774,149	10,251,937
	Kentucky Power Co - Dist Total	253,228	253,971	257,163	260,503	259,331	261,582	257,389	260,716	260,964	259,302	255,723	256,870	3,096,742
	Kentucky Power Co - Gene	324,336	324,336	324,341	324,483	330,826	330,826	330,826	330,826	330,826	330,826	330,826	330,826	3,944,137
	11E Exempt Labor	11,595	11,595	11,595	11,595	11,828	11,828	11,828	11,828	11,828	11,828	11,828	11,909	141,318
	11S Non Exempt Salaried Labor	123,472	123,577	124,016	124,853	126,069	126,393	125,794	126,259	126,295	126,069	125,572	125,762	1,504,131
	125 Payroll Dist Nonproductive	0	0	0	0	0	0	0	0	0	0	0	0	0
	129 Labor Accrual - Nonprod load	4,458	4,458	4,458	4,548	4,548	4,548	4,548	4,548	4,548	4,548	4,548	4,288	54,046
	13E Exempt OT Labor	87,089	87,089	87,091	87,128	88,831	88,831	88,831	88,831	88,831	88,831	88,831	89,049	1,059,263
	13N Non Exempt OT Labor	145	145	145	148	148	148	148	148	148	148	148	142	1,761
	13S Non Exempt OT Salaried Labor	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,652)	(7,655)	(91,827)
	190 Payroll Trans Other (Gen)	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AA Payroll Labor Accruals	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AB Labor Accrual Reversals	0	0	0	0	0	0	0	0	0	0	0	0	0
	U3E Exempt Uncompensated Labor	796,671	797,519	801,157	805,839	813,929	816,504	811,712	815,504	815,788	813,900	809,824	811,224	9,709,571
	Kentucky Power Co - Gene Total	45,007	48,152	55,029	52,091	49,131	54,273	47,335	52,893	54,190	50,448	43,261	44,092	595,902
	Kentucky Power Co - Trans	45,569	46,231	53,770	48,890	49,002	54,115	48,410	53,584	47,771	52,281	44,780	43,858	588,261
	11E Exempt Labor	33,549	35,153	40,753	37,774	36,354	40,310	36,329	39,855	37,896	38,560	33,164	32,404	442,101
	11S Non Exempt Salaried Labor	26,250	27,251	31,527	29,147	28,407	31,413	27,979	30,967	29,176	29,976	25,708	25,408	343,173
	125 Payroll Dist Nonproductive	0	0	0	0	0	0	0	0	0	0	0	0	0
	129 Labor Accrual - Nonprod load	698	784	918	858	809	887	760	877	887	828	682	711	9,699
	13E Exempt OT Labor	3,143	3,314	3,690	3,441	3,739	3,916	3,483	3,919	3,075	3,709	3,260	3,091	41,780
	13N Non Exempt OT Labor	2,206	2,438	2,819	2,643	2,575	2,789	2,414	2,767	2,633	2,615	2,191	2,228	30,318
	13S Non Exempt OT Salaried Labor	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AA Payroll Labor Accruals	0	0	0	0	0	0	0	0	0	0	0	0	0
	1AB Labor Accrual Reversals	0	0	0	0	0	0	0	0	0	0	0	0	0
	U3E Exempt Uncompensated Labor	156,422	163,323	188,506	174,844	170,017	187,703	166,710	184,862	175,592	178,417	153,046	151,792	2,051,234
	and Total	1,834,026	1,700,286	1,968,826	1,849,245	1,755,691	1,882,180	1,845,049	1,914,010	1,852,614	1,920,806	1,752,844	1,737,165	22,012,742

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-37(c). Please respond yes or no to the question. The Company's response does not address the question that was asked.

RESPONSE

The Company can not answer this question with a yes or no answer. The Reliability and Service Enhancement Plan ("RSEP") described by Mr. Phillips in his testimony will require substantial additional revenues beyond those currently being expended. For example, the Enhanced Vegetation Initiative, which is only one of four parts of the RSEP, will require \$15.77 million in additional O&M and capital expenditures in the first year of the program. (Phillips at 23). By the fifth year, the O&M and capital expenditures for the RSEP are projected to require expenditures beyond the test year amounts of vegetation management expenditures of \$19.27 million. (Phillips at 23). The total incremental expenditures required to implement the Enhanced Vegetation Initiative during its first five years is projected to be more than \$86 million. (Phillips at 23). Although the amount of RSEP O&M and capital expenditures will decline somewhat after the fifth year, they will still be incremental to the test year vegetation management expenditures. (Phillips at 23).

The other major components of the RSEP also will require incremental expenditures by the Company. The Enhanced Equipment Inspection and Mitigation Initiative will require an additional \$6.7 million in additional expenditures in its first three years. (Phillips at 29). The five-year incremental cost of the additional distribution employees is projected to be approximately \$3.5 million. (Phillips at 32). Finally, the three-year incremental cost for gridSmartSM initiative is approximately \$11.4 million. (Phillips at 39).

As with any cost reasonably incurred by the Company in connection with the provision of service, such as Big Sandy maintenance, line workers' salaries, or the cost of coal, the costs associated with the RSEP are properly recoverable through rates paid by Kentucky Power's ratepayers.

The Company will continue to use its best efforts to provide reasonable service to ratepayers. If the Company is not permitted to increase its rates to cover the amount of the projected incremental RSEP costs, it will lack the ability to undertake some or all of the RSEP.

WITNESS: Errol K. Wagner

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-38(d).

- a. Please provide the Company's actual income statement in the same amount of detail for the twelve months ending September 30, 2009 in excel with formulas intact.
- b. Please provide the Company's actual income statement in the same amount of detail for the calendar year 2009 in excel with formulas intact.

RESPONSE

a. & b. The Company's actual income statements are not in the same exact detail as our budgeted information. We have provided the actual income statements on the enclosed CD in Excel format. There are no formulas on our income statements.

WITNESS: Ranie K Wohnhas

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-39.

- a. If the Company retained a portion of the SIA trading margins from July 2000 through March 2006, then please explain why ratepayers should be responsible for 100% of the refunds rather than the Company assuming responsibility for the same percentage of the margins that it retained during those months?
- b. Please provide the SSC sharing percentages for each month July 2000 through March 2006, the months "at issue," according to the response to part (a) of KIUC 1-39.

RESPONSE

- a. The Company is not suggesting that the "ratepayers should be responsible for 100% of the refunds..." To the contrary, as reflected in Mr. Wagner's testimony at page 31, lines 1-8, and Workpaper S-4, page 3 (Section V of the Application), the Company normalized the test year revenues by adding back the amount of the refund (\$12,698,792). As a result, the Company bears 100% of the refund.

The Company is willing to reduce its responsibility for the refund from 100% to the percentage of System Integration Agreement margins it retained from July, 2000 through March, 2006. That would require, however, higher rates than those proposed by the Company in this proceeding.

- b. The System Sales Clause sharing percentage for July 2000 through and including January 2006 were 50% to the customer and 50% the company. Starting with February 2006 through and including March 2006 the sharing percentages were 70% to the customer and 30% to the Company.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-43.

- a. Please provide the fuel expense on a per mWh basis for the expired 250 mW sale to CP&L by I&M during the test year.
- b. Please provide the non-fuel incremental variable expense on a per mWh basis for the expired 250 mW sale to CP&L by I&M during the test year.
- c. Please provide the capacity factor, energy generation (mWh), and the energy sales (mWh) on the 250 mW sale to CP&L by I&M during the test year.

RESPONSE

- a. The fuel expense on a per mWh basis was \$22.22 for the expired 250 mW sale to CP&L by I&M during the test year.
- b. The non-fuel incremental variable expense on a per mWh basis was \$1.79 for the expired 250 mW sale to CP&L by I&M during the test year.
- c. The capacity factor was 90.4%, energy generation (mWh) was 5,146,144, and the energy sales (mWh) were 2,079,573 on the 250 mW sale to CP&L by I&M during the test year.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-44. Please explain how the Company accounts for the difference between the accrual expense and the revenue amounts, including account numbers used to account for the monthly revenue or expense deferrals, if any.

RESPONSE

The amount shown on line number 3 in the Company's response to the KIUC 1st Set Item No. 44, page 2 of 3, is the net difference between the current month's system sales revenues and the current month's associated system sales expenses. Therefore, no deferral of expenses is required. The amount shown on line 8 is deferred for two months due to the fact there is a two month lag between when the amount is realized and when the amount is billed on the customer's monthly bill. This amount is deferred to account 501005 Fuel-Deferred.

WITNESS: Errol K Wagner

Kentucky Power Company

REQUEST

Refer to the excel spreadsheet provided in response to KIUC 1-46(b).

- a. Please provide the name of account 447004 and describe the amounts that were subtracted on Line 7.
- b. Please provide the Company's support, including references to specific pages in relevant Commission orders that authorized the Company to subtract the amounts on Line 7.
- c. Please provide the name of account 447005 and describe the amounts that were subtracted on Line 8.
- d. Please provide the Company's support, including references to specific pages in relevant Commission orders that authorized the Company to subtract the amounts on Line 8.
- e. Please provide a schedule in the same format and in the same level of detail for the twelve months ending September 30, 2009.

RESPONSE

- a. Account No. 4470004 is Sales for Resale-Nonaffiliated – Ancillary Services. This is KPCo's share of the revenue associated with ancillary services as it relates to the CP&L 250 MW transaction during the test year. These revenues stopped December 2009.
- b. The support for including these revenues in the calculation of the system sales profit is contained on Tariff S.S.C. Sheet No. 19-1 Paragraph 2 (a) as approved by the Commission. These revenues have been included in the calculation of the monthly system sales profit since approximately January 2001.
- c. Account No. 4470005 is Sales for Resale-Nonaffiliated – Transmission Services. This is KPCo's share of the revenues associated with transmission services as it relates to the CP&L 250 MW transaction during the test year. These revenues stopped December 31, 2009.
- d. The support for including these revenues in the calculation of the system sales profit is Tariff S.S.C. Sheet No. 19-1 Paragraph 2 (b) as approved by the Commission. These revenues have been included in the calculation of the monthly system sales profit since approximately January 2001.
- e. See the attached page.

WITNESS: Errol K. Wagner

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-46(c). Please provide the assumptions, data, computations and electronic spreadsheets with formulas intact used to develop the 2010 OSS margin of \$26.8 million. In addition, please indicate if this amount includes additional OSS margins due the termination of the sale to CP&L by I&M.

RESPONSE

Forecasted OSS margins are based on the anticipated revenue from all sales made to non-affiliated counterparties and subtracting out the variable costs of making those sales. Revenues are estimated based on forecasted price inputs. Generation costs and volumes are developed based on a generation dispatch model which was developed by a third party vendor (not a spreadsheet based model). The costs are assigned to either internal or non-affiliated customers (least cost to internal customers) and the resulting unit dispatch provides the amount of off-system sales that can be made with available energy and resulting margin.

In the case of the Company's response to KIUC 1-46(c), the referenced Off-system Sales forecast is as of October 2009 and reflects the price projections and other known assumptions at that time. Additionally, the 2010 OSS margin forecast of \$26.8M was prepared under the assumption that the sale to CP&L by I&M would not continue. However, quantifying the effect of the termination of the CP&L sale would require that a study be performed involving two production cost forecasts, one with and one without the assumption that the CP&L agreement would continue in 2010 and then summarizing the cost and profit deltas. Such a study was not performed.

Please refer to the response to Item 24 for the major model outputs used to develop KPCo's 2010 OSS margin forecast.

WITNESS: Thomas M. Myers

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-46(f). Please provide a response to the question asked. The response did not address why the Commission should retain the SSC; it only addressed why the Company believes the Commission should modify the SSC.

RESPONSE

The Company fairly answered the question asked in light of the fact its application proposes the use of the modified SSC. In fact, the data request refers to the Company's proposed modification of the SCC, albeit somewhat inaccurately ("50% of the test year OSS margins in establishing a new baseline.") In its response, which incorporated Mr. Myers' testimony, the Company explained the advantages to the ratepayers and the Company provided by the modified SSC.

As the Company understands the revised data request, KIUC is now asking the Company to explain why the current SSC is preferable to a rate design where the test year amount of OSS profits is used to establish the Company's base rates, and the risk and benefit of the Company achieving a lesser or greater amount is borne solely by the Company.

The Company believes that the reasons supporting an SSC that shares between the Company and ratepayers the benefits of OSS above a predetermined amount are the same in 2010 as they were in 1988 when, at the suggestion of KIUC, the SSC was first approved by the Commission. *See*, Order, Case No. 9061 (October 28, 1988).

The SSC has delivered substantial benefits to Kentucky Power's ratepayers. Since January 1, 1998 ratepayers have enjoyed the benefit of \$101,432,727 in OSS profits through reduced rates. This was in addition to the \$162,588,700 benefit that was built into base rates during the same time frame. Indeed, the SSC, both as originally adopted, and in its proposed modified form, provides substantial benefits to ratepayers even when the Company fails to achieve OSS margins above the amount built into base rates. Under the SSC as originally approved by the Commission in Case no. 9061, the ratepayers would have realized a benefit of \$6,726,000 (\$13,452,000 / 2) even if there were no OSS profits. Under the Company's modified proposal in the current proceeding, the ratepayers would realize a benefit of \$7,645,182 (\$15,290,363 / 2), or a approximately \$1 million more than provided by the SSC established in Case No. 9061, even if there were no OSS profits.

Even though the amount of benefit realized by the ratepayers, or the methodology of delivering the benefit to the ratepayers, may change, the reasons to retain the system sales clause have not changed. In the Company's prior rate case, Case No. 2005-00341, for example, both the level of system sales changed and the methodology of delivering the benefit to the ratepayers also changed yet the Commission and all parties agreed that continuing the system sales clause mechanism was in the best interest of the ratepayers.

WITNESS: Thomas M. Myers

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-59. Please respond to the question. Is the cited testimony a "general" observation or a "specific" concern regarding deterioration that is outside the normal wear and tear? The cited testimony on page 10 did not address deterioration in reliability; it addressed a "deteriorating distribution system."

RESPONSE

This is a "specific" concern identified in Company witness Phillips' testimony and is outside normal wear and tear. On page 10 of his testimony, Mr. Phillips identifies three drivers of the proposed Reliability and Service Enhancement Plan. Among the three concerns were increased expectations of service quality and reliability by the Company's customers; support for the recommendations of the Ike and Ice Report; and a deteriorating reliability trend evidenced by the Company's increasing SAIDI metric.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-60. Please confirm that the Company's response is complete and comprehensive. i.e., it provides "all evidence relied on by Mr. Phillips" for the cited testimony. If not, then please supplement the response. If so, then so state.

RESPONSE

The Company's response is complete and comprehensive. The graph provided as Attachment 1 in the Company's response to KIUC's 1-60 supports the Company's assertion in its response that "work will start to decrease as the company faces inflationary costs associated with material (herbicides, equipment, etc.) and contract labor, which will ultimately result in fewer trees being trimmed and removed, fewer cutouts being replaced, and, inevitably, more service-related outages." Further supporting the testimony is Mr. Phillips nearly 25 years of experience, as well as the commonsense observation that with increasing material and labor costs less reliability work can be performed with a fixed level of spending.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-61(a). The question requested "all evidence that a cycle based program will increase reliability compared to a performance based approach." The response referred to the Company's response to AG 1-32, which asked for "all studies, analyses, and correspondence" that demonstrated that the superiority of a cycle based program compared to a performance based approach. The Company provided no studies in response to AG 1-32. Please confirm that the Company's responses to KIUC 1-61(a) and AG 1-32 are complete and comprehensive. i.e., the responses provides "all evidence" and "all studies, analyses and correspondence" relied on by Mr. Phillips for this claim. If not, then please supplement the response. If so, then so state.

RESPONSE

Please see the attachment to AG 2-11, the Company provides a copy of the E.On 2008 Electric Distribution Utility Annual Report for Kentucky Utilities Company and Louisville Gas & Electric Company which provides detail on both companies' vegetation management cycle and resulting reliability metrics. The Company, both in the testimony of Mr. Phillips and in its response to AG 1-32, indicated that affiliate Public Service of Oklahoma had experienced a significant improvement in reliability as a result of implementing a cycle-based program. In Figure 7 of his testimony, Company witness Phillips projected, based on field data, a 47% reduction in tree-related outages as a result of full implementation of the cycle-based program.

In addition, please see the attachment to this data request which includes a study performed by Davies Consulting, Inc. prepared for the Edison Electric Institute. On Page 18 of 48 of the study, Figure 4-4 indicates that 12% of the states surveyed have implemented some sort of vegetation standard with the four-year cycle being the most common benchmark.

WITNESS: Everett G Phillips



**EDISON ELECTRIC
INSTITUTE**

KPSC Case No. 2009-00459
KIUC 2nd Set of Data Requests
Dated March 11, 2010
Item No. 22
Page 2 of 48

STATE OF DISTRIBUTION RELIABILITY REGULATION IN THE UNITED STATES



**PREPARED FOR:
EDISON ELECTRIC INSTITUTE**

**PREPARED BY:
DAVIES CONSULTING, INC.**

SEPTEMBER 2005

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STATE OF RELIABILITY DISTRIBUTION REGULATION IN THE UNITED STATES

PREPARED FOR:

***EDISON ELECTRIC INSTITUTE
701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2696
202-508-5000
www.eei.org***

PREPARED BY:

***DAVIES CONSULTING, INC
6935 Wisconsin Avenue, Suite 600
Chevy Chase, MD 20815
www.daviescon.com***

SEPTEMBER 2005

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1. EXECUTIVE SUMMARY

1.1. State Approaches to Service Quality

Over the past decade, state regulators across the United States have increased their scrutiny of utility power delivery performance. Many state regulators have passed reliability reporting requirements, reliability performance targets, and performance based rates. In addition, the issues of reliability and incentives/disincentives to drive utility reliability performance have been “hot topics” at the National Association of Regulatory Commissioners (NARUC) meetings. The regulatory landscape is constantly changing and regulations are increasingly having an effect on how and where funds are expended. Within the last year numerous utilities have developed strategies to deal with this accelerating trend.

This paper is a comprehensive study of the issues that electric utilities are facing with respect to state reliability statutes, standards, and regulation for both electric distribution and transmission systems within each state and the District of Columbia. Table 1-1 provides a list of the states under some form of performance regulation; a detailed description about each of these methods can be found in Section 4.

Table 1-1: Summary of State Approaches to Performance Regulation

Method of Performance Regulation	No. of States	States
Return on equity based PBR	2	Mississippi, North Dakota
Quality of service PBR – penalties and rewards	3	California, Massachusetts, Rhode Island
Quality of service PBR penalties only	11	Colorado, Florida, Maine, Michigan, Minnesota, Ohio, Oregon, Texas, Utah, Vermont, Washington
Quality of service - targets	11	Arkansas, Illinois, Indiana, Iowa, Kansas, Louisiana, New Jersey, New York, Oklahoma, Pennsylvania, Virginia
Quality of service – reporting	12	Alabama, Connecticut, Delaware, District of Columbia, Georgia, Hawaii, Kentucky, Maryland, Missouri, New Hampshire, Nevada, Wisconsin
No reporting requirement	12	Alaska, Arizona, Idaho, Montana, Nebraska, New Mexico, North Carolina, South Carolina, South Dakota, Tennessee, West Virginia, Wyoming

1. Executive Summary

1.2. Index of Individual State Information

The following table provides a quick reference guide to the page on which the details of state's performance-based regulations can be found. States currently having no reporting requirements are listed as N/A.

State	Page	State	Page
Alabama	34	Montana	N/A
Alaska	N/A	Nebraska	N/A
Arizona	N/A	Nevada	37
Arkansas	30	New Hampshire	37
California	25	New Jersey	32
Colorado	26	New Mexico	N/A
Connecticut	34	New York	32
Delaware	34	North Carolina	N/A
District of Columbia	35	North Dakota	24
Florida	26	Ohio	27
Georgia	35	Oklahoma	33
Hawaii	35	Oregon	28
Idaho	N/A	Pennsylvania	33
Illinois	30	Rhode Island	25
Indiana	31	South Carolina	N/A
Iowa	31	South Dakota	N/A
Kansas	31	Tennessee	N/A
Kentucky	36	Texas	28
Louisiana	32	Utah	28
Maine	26	Vermont	29
Maryland	36	Virginia	33
Massachusetts	25	Washington	29
Michigan	27	West Virginia	N/A
Minnesota	27	Wisconsin	37
Mississippi	24	Wyoming	N/A
Missouri	36		

2. OVERVIEW

2.1. Purpose of Study

In January 2005, the Edison Electric Institute (EEI) commissioned Davies Consulting, Inc. (DCI) to conduct a study on the state of reliability regulation in the United States. The purpose of the study was to discuss the history of reliability regulation, research the current state of regulation, and examine the future of reliability regulation. The main areas of analysis included: (1) Methods of Performance Regulation; (2) Reliability Standards; (3) Customer Service Standards; and (4) Penalties and Rewards. The report is primarily focused on distribution system reliability with some references to reliability of the transmission system. EEI intends to use the 2005 study as the first of several periodic publications on the status of reliability regulation in the United States.

2.2. Research Methodology

Prior to commencing the *State of Distribution Reliability Regulation in the United States*, DCI and EEI developed, refined, and agreed to the study's scope and objectives. The study is based on secondary research, as well as surveys and interviews with the selected state public utility commissions. Phone interviews and visits were conducted with utility regulatory managers and staff from eighteen utilities operating in 39 states and the District of Columbia. DCI compiled the data gathered from the survey and interviews into a 2005 State of Reliability Regulation database¹ for use in analyzing the current situation and emerging trends. Furthermore, DCI analyzed the effects of reliability regulation on utility performance using data submitted to EEI. Finally, DCI supplemented findings with experience working with utility clients in jurisdictions across the United States.

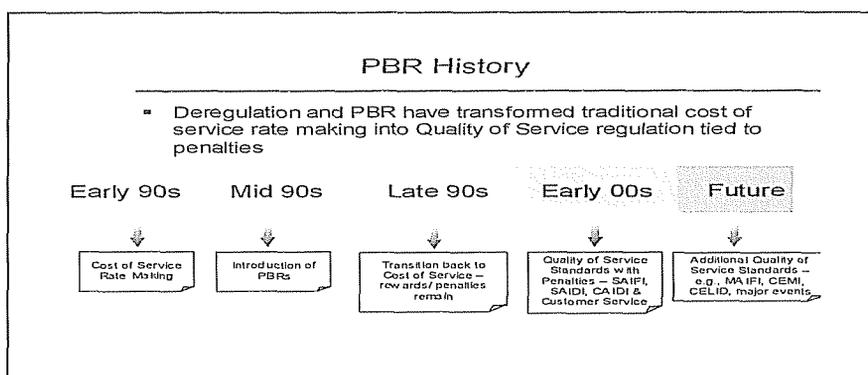
¹ The level of regulation within a state is represented in the database by the utility with the most stringent requirement (e.g., if at least one utility within a state has a Quality of Service (QOS) standard with penalties, that state is represented as having QOS with penalties). See *infra*, p. 5, for a more detailed discussion and definition of QOS.

3. PERFORMANCE REGULATION BACKGROUND

3.1. Back to Basics

The utility industry of the last decade has been subject to dramatic change. The 1990s were characterized by deregulation, a focus on non-regulated ventures, and industry consolidation through mergers and acquisitions. During these years, performance based regulation (PBR), tied to return on equity rather than cost of service, was also introduced (see Figure 3-1 below).

Figure 3-1: Illustrated History of PBR



Each of these areas has had varying degrees of success. As a result of the California energy crisis in 2001, national deregulation activity essentially came to a halt. Close to 60 percent of states surveyed indicated that they have no plans for deregulation in the next two to three years.² The collapse of Enron, the terrorist attacks of 9/11, the bursting of the internet bubble, and limited access to capital has slowed non-regulated activity. Beginning in 2000, merger activity diminished significantly. Large events such as the Chicago substation outage of 1999, the North Carolina ice storm of 2002, and the Northeast Transmission Grid blackout of 2003 have increased regulatory and legislative focus on utility reliability performance.

All of this has not only led utilities to a “back to basics” focus but also heightened regulator emphasis on reliability and quality of service. Utilities are focusing management and financial capital on the core business of delivering electricity, which includes improving customer information systems and developing more strategic infrastructure-related reliability investments. Furthermore, utilities have initiated strategic business process improvement initiatives aimed at sustainable cost reduction and service improvement.

3.2. Performance Regulation Triggers

While utilities have begun implementing the changes noted above, regulators have begun emphasizing the development and implementation of mechanisms designed to monitor and measure utility performance. This changed emphasis has been driven by a number of factors, including mergers and significant events.

² Newton-Evans Research Company, Inc., September 2003.

Performance guarantees are often linked to merger agreements in order to provide regulators with some level of comfort that the merged entities would, at the very least, maintain the existing level of performance. As mentioned above, in the past five years the industry has experienced a number of major events (North Carolina ice storm, Chicago substation outage, Northeast blackout, and Florida hurricanes) that have heightened public interest in the regulation and legislation of utilities. The result has been increased regulatory oversight and, in some cases, in-depth investigations of utility performance.

Another trigger for increased regulatory scrutiny has been public and federal concern over the aging of the United States electric grid.³ Despite evidence that some age-focused replacement programs are not cost-effective (customers are not willing to pay for the “perfect” system) and are less efficient than other methods, such as replacement based on failure history, the aging infrastructure continues to be a focus of regulators. Utility cost-cutting initiatives have also contributed to increased regulator scrutiny because regulators are often skeptical of these initiatives and perceive them solely as mechanisms designed to manage earnings during slow growth periods. Regulators have indicated that they fear that utilities will implement cost cutting measures without regard for customer service and reliability.

3.3. The Challenges for Regulators

While it is true that in the last decade the industry has witnessed increased regulatory scrutiny, the level of that scrutiny and performance regulation activity has varied across the United States. Indeed, 27 percent of utility commissions in the United States do not have any reliability standards whatsoever in place.

Although state regulators are concerned with utility performance, they face a number of important challenges in providing effective oversight. First, given the vast differences in service territories and infrastructure across the United States, regulators face a difficult challenge in comparing utilities. Despite these difficulties, a few state regulators are considering state-wide performance standards. Second, while many regulators are quite sophisticated and experienced, they simply do not have the same level of knowledge as utility managers and staff, who run the utility’s day-to-day operations. Third, regulators should be sensitive to the fact that regulatory reporting standards can often have a significant impact on a utility’s resources and costs. Finally, because monitoring, evaluating, and comparing utility performance against agreed standards requires a significant number of qualified regulators, many state regulatory agencies do not have adequate resources to effectively perform the necessary oversight.

³ Chairman Alan Greenspan of the Federal Reserve Board has said, “If the electricity infrastructure of this country is inadequate or in some way excessively costly, it will undermine economic growth, and is therefore a major issue that must be addressed.” Testimony of Alan Greenspan, U.S. Senate Budget Committee Hearings, January 26, 2001.

4. CURRENT PERFORMANCE REGULATION ENVIRONMENT

4.1. Methods of Performance Regulation

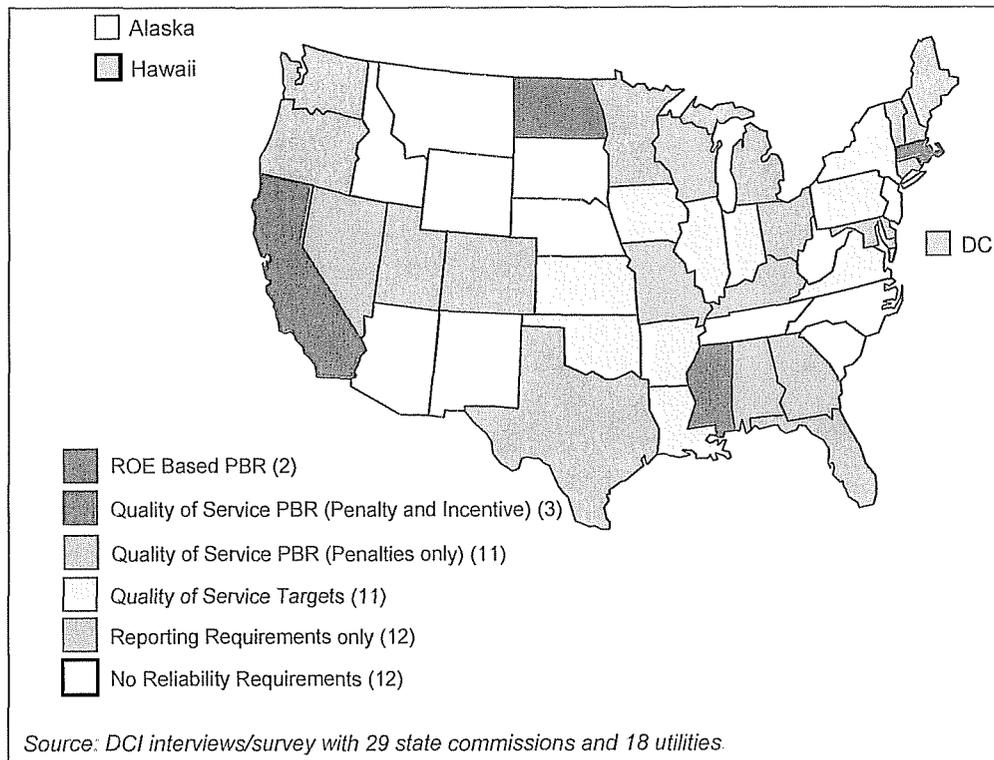
Since the PBR concept was introduced in the 1990s, definitions and applications of it have varied widely among state regulatory commissions. Interviews with utilities and regulators confirmed that PBR does not have one universally accepted definition. For example, while only two states have Return on Equity (ROE) Based Performance Based Rates, many utility representatives and regulators indicated that they had PBR when what they actually had was some form of Quality of Service Standards. Below are the definitions used throughout the report:

- **ROE Based PBR** (PBR) exists where the Rate of Return is set with a dead band (range where the utility and shareholders assume all benefits and cost) and a live band (range above and below the dead band that would have a sharing mechanism assigned).
- **Quality of Service PBR** (QSP) exists where the Rate of Return is set using the conventional cost of service methodology and the utility has reliability and/or customer service targets imposed by the commission with penalties and/or rewards.
- **Quality of Service Targets** (QST) exist where the Rate of Return is set by using the conventional cost of service methodology and the utility has reliability and/or customer service targets imposed by the commission without penalties or rewards.
- **Reporting Only** exists where the utility has to file reports but does not have specific targets imposed by the commission.

4.2. Reliability Regulations in the United States

The map in figure 4-1 (*see next page*) illustrates current reliability regulations in the United States (*see Section 7 for a listing of states by type of reliability regulation*).

Figure 4-1: Reliability Regulations in the United States



ROE-Based PBR: As illustrated in the map, only two states currently have an ROE-based PBR. Below is a summary of the ROE-based PBR mechanisms used in North Dakota and Mississippi.

North Dakota: The North Dakota Commission has adopted a PBR methodology that allows Otter Tail Power to adjust its allowed rate of return based on the results of four performance areas: reliability, customer satisfaction, customer price, and employee safety. The reliability metrics used are System Average Interruption Frequency Index (SAIFI) and Customer Average Interruption Duration Index (CAIDI). The customer satisfaction metrics employed are the figures generated from an annual Relationship Survey and a semi-annual Transactional Survey. The customer price metrics utilized are a competitive price comparison and a comparison of the annual change in price. The employee safety metric employed is the Occupational Safety and Health Administration (OSHA) Incident Rate for utilities with fewer than 1000 employees. Each of the seven metrics is worth ± 25 basis points for a maximum total of 175 basis points and is used to adjust the upper and lower limits of a dead band around Otter Tail's allowed ROE. The dead band is ± 100 basis points. For example, if Otter Tail's ROE was 12 percent, the dead band would be 11 percent to 13 percent. If Otter Tail performed above the reward threshold on all seven metrics, the upper band would move up to 14.75 percent (13 percent + 1.75 percent). The lower band would remain the same (11 percent). Therefore, Otter Tail's allowed ROE would move up to the midpoint between 11 percent and 14.75 percent, or 12.88 percent, and the new dead band would be 11.88 percent to 13.88 percent.

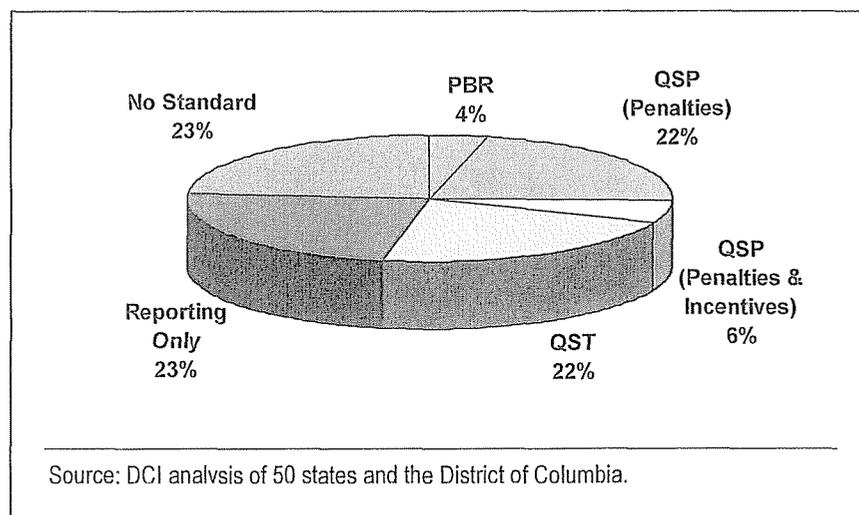
Mississippi: The Mississippi Public Service Commission has adopted a PBR approach that allows Mississippi Power to increase (or decrease) its return on investment based on three service quality metrics. The metrics adopted by the Commission are:

1. Customer Price – Determined by comparing Mississippi Power’s average price per kWh to the average price charged by Southeast Electrical Exchange Utilities.
2. Customer Satisfaction – Determined from the results of an independent semi-annual customer survey.
3. Customer Reliability – Determined by measuring reliability performance over a 36-month period.

The three performance metrics are combined to establish a company performance rating. This performance rating is used to adjust the upper and lower limits of a “dead band” around Mississippi Power’s allowed return on investment. The “dead band” is ± 50 basis points. The projected return is then compared to the company performance rating adjusted return, and if Mississippi Power’s projected return is above (or below) the dead band of the company performance rating adjusted return, the revenue can be increased (or decreased) to reflect performance.

Quality of Service PBR: As illustrated in Figure 4-2, 27 states (54 percent) analyzed in our study have either ROE-based PBR or some form of Quality of Service regulation.

Figure 4-2: Breakdown of Reliability Regulations

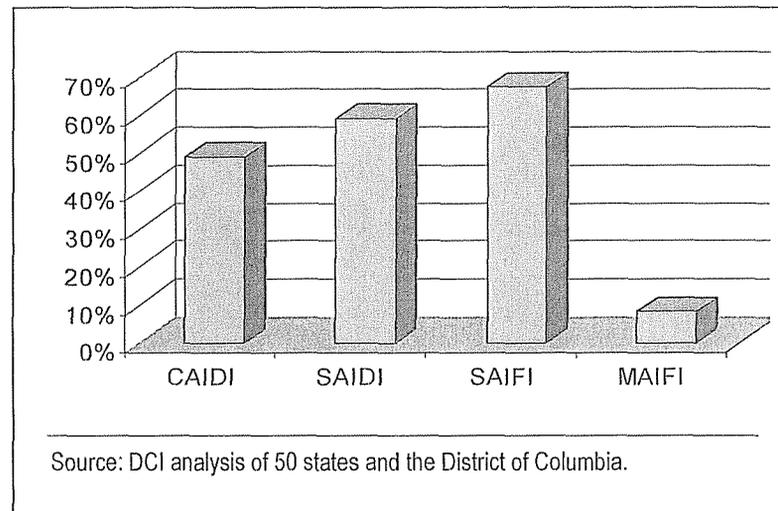


Interviews with utilities and regulators indicated that several states with reporting-only requirements seemed to be in the process of establishing reliability and/or customer service targets geared toward Quality of Service ratemaking. The key difference in the Quality of Service methods is the assignment of penalties and/or rewards. Currently, only 14 states (28 percent) assign penalties and/or rewards and, of these, seven states (50 percent) have actually enforced the penalties and/or rewards.

4.3. Reliability Standards

Reliability standards continue to be a significant focus of many state regulators. As Figure 4-3 illustrates, System Average Interruption Frequency Index (SAIFI), System Average Interruption Duration Index (SAIDI), and Customer Average Interruption Duration Index (CAIDI) are the primary reliability metrics used by utilities, while Momentary Average Interruption Frequency Index (MAIFI) is not.

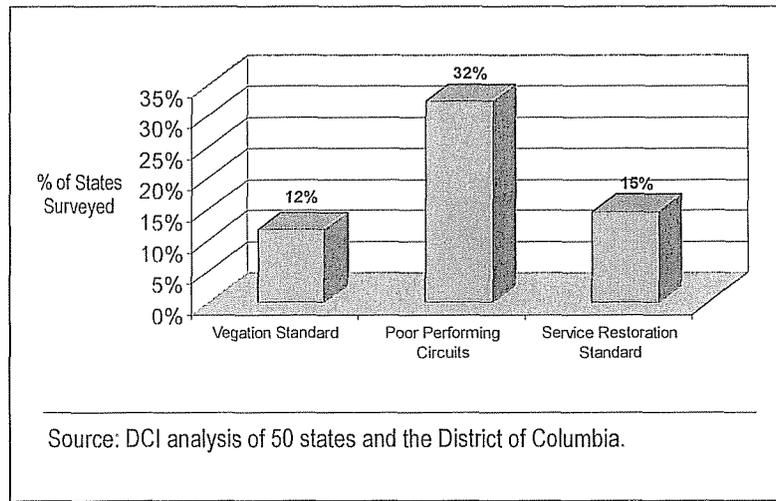
Figure 4-3: Reliability Metrics Used by Utilities



A number of factors have contributed to the use of SAIFI, SAIDI, and CAIDI as the key reliability indicators. First, current outage management systems (OMS) are configured to report on these indicators. Second, momentary interruptions are difficult to capture accurately, since such interruptions are more often captured at the circuit breaker level or at the recloser. Third, most studies and Key Performance Indicators use a combination of CAIDI, SAIFI, and SAIDI to measure reliability performance. Finally, when state regulators evaluate reliability, they focus on these indicators because they recognize that utilities are comfortable using them.

A number of additional metrics focused more on the individual customer experience and less on SAIFI, SAIDI, and CAIDI are also beginning to emerge. These include MAIFI, Customers Experiencing Multiple Interruptions (CEMI), and Customers Experiencing Longest Interruption Durations (CELID). Regulator interest in Worst Performing Feeder (WPF) programs and vegetation management programs (see Figure 4-4) is also increasing.

Figure 4-4: Additional Metrics Used by Utility Regulators



Reliability Standard Key Characteristics: While the specific targets for key reliability metrics vary across states and utilities, this study uncovered some key characteristics related to the most used performance areas. The common characteristics include:

- SAIFI, SAIDI, and CAIDI calculations include storm adjustments, or lack thereof; the validity of historical outage performance to set targets; and the system level or operating area.
- Tree trimming cycle requirements, with an average four year cycle as the most common benchmark.
- Worst performing feeders, although formulas for identifying WPF vary from state to state. The focus is on repeat offenders.
- Service restoration targets; for example, the percentage of customers restored within a specific timeframe, or the number of outages over a specified length of time.

Examples of Reliability Targets: Consistent with the key characteristics of reliability standards, the specific reliability targets established by regulators and utilities vary significantly. Below are a few examples of specific targets:

Worst performing feeder

- Feeders with Feeder Average Interruption Duration Index (FAIDI) exceeding SAIDI by 300 percent
- Feeders with 10,000 customers out for more than 24 consecutive hours for two consecutive years
- FAIDI greater than four times SAIDI or in the top 10 percent for two consecutive years

Service Restoration

- By restoration time frame
 - Greater than 90 percent restored in 36 hours for all conditions other than catastrophic, and greater than 90 percent restored in 60 hours for catastrophic conditions.
- By number of outages over a specified time frame
 - Customers who have had more than six outages for three consecutive years or outages totaling more than 18 hours per year for three consecutive years.

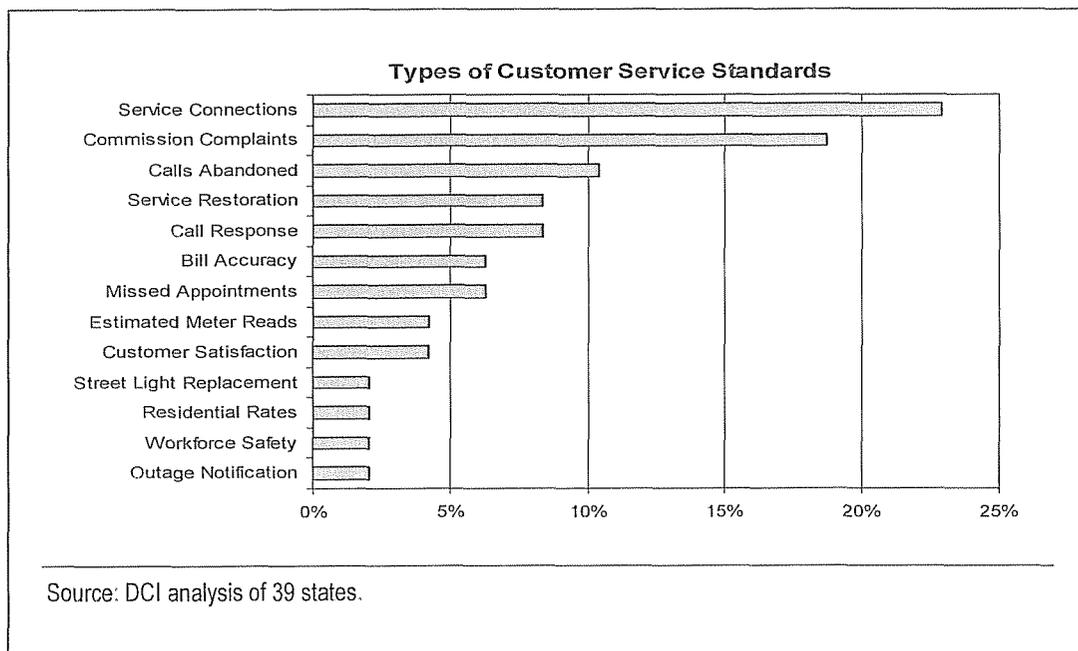
4. Current Performance Regulation Environment

- By voltage level
 - Customers served at 69 kV or higher can have no more than three occurrences and no more than nine hours for controllable outages in each of the previous three years.
 - Customers served between 15 kV and 69 kV can have no more than four occurrences and no more than 12 hours for controllable outages in each of the previous three years.
 - Customers served below 15 kV can have no more than six occurrences and no more than 18 hours for controllable outages in each of the previous three years.

4.4. Customer Service Standards

In the last decade, regulators have begun to focus more broadly on the wide spectrum of utility issues that affect customers. Through various strategic and continuous improvement efforts, utilities have also focused on meeting specific customer expectations. In fact, most utilities have vastly improved their customer service infrastructures with new billing and relationship management systems, focused product and service offerings, and enhanced communications and public relations efforts. Since most of these improvements required significant investments and, in order to ensure that service improves, many regulators have begun to require specific customer service metrics as part of their Quality of Service ratemaking standards. In addition, poor customer service often leads to an increase in customer complaints to the commission, which is a warning sign that regulators need to become more actively involved in order to protect customers. As illustrated in Figure 4-5, many of these standards address commitments to communicate with customers (e.g., customer complaints, call abandonment, average speed of answer, and outage notifications).

Figure 4-5: Types of Customer Service Standards



4.5 Penalties and Rewards

In addition to the two states with ROE-based PBR, 13 other state jurisdictions have some type of penalty and/or reward associated with their reliability regulation approach, and 10 of those use only penalties. Based on interviews with regulators and utilities, it is clear that this trend toward the use of penalties versus rewards will be maintained. Given the regulators' role as protectors of the public interest, their primary objective is to ensure that a fair rate of return is earned based on levels of service and reliability. Regulators apparently believe that penalties are the best method to insure utility companies provide the consumer with reliable service at a fair rate.

One area that requires a more rigorous analysis is the calculation of penalties and/or rewards. Calculating a fair reliability target is a complex and challenging proposition. Utility companies and commissions need to pay careful attention to the intent of the penalty/reward and the calculation methods used. In setting fair penalty targets, utility companies and commissions are trying to account for the probability that the following year's SAIFI or SAIDI is below a value that would indicate a utility company is not providing acceptably reliable service to its customers. Because of the randomness of customer interruptions and durations, utility commissions and companies should ensure a robust analysis that provides insights into the probabilities of penalty and reward targets. Ideally, the probability of reward and the probability of penalty should be the same.

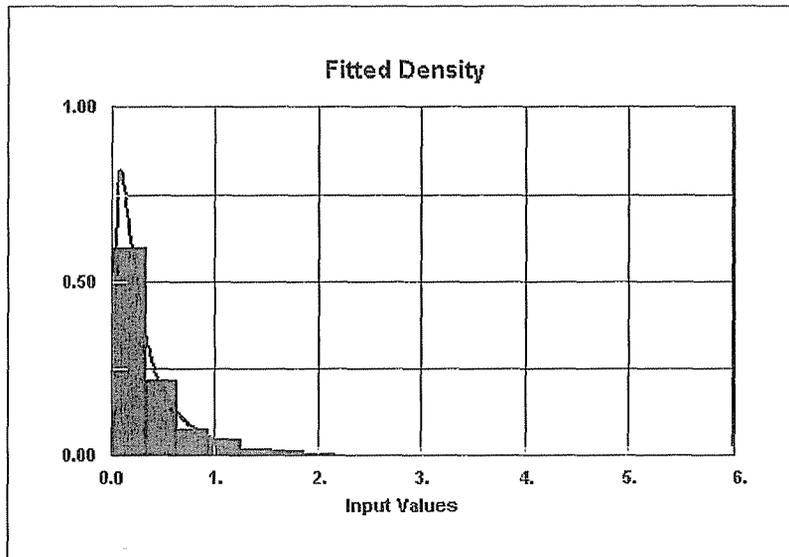
The formulas for SAIFI and SAIDI are:

$$SAIFI = \frac{\text{Total Number of Customer Interruptions}}{\text{Total Number of Customers Served}}$$

$$SAIDI = \frac{\sum \text{Customer Interruption Durations}}{\text{Total Number of Customers Served}}$$

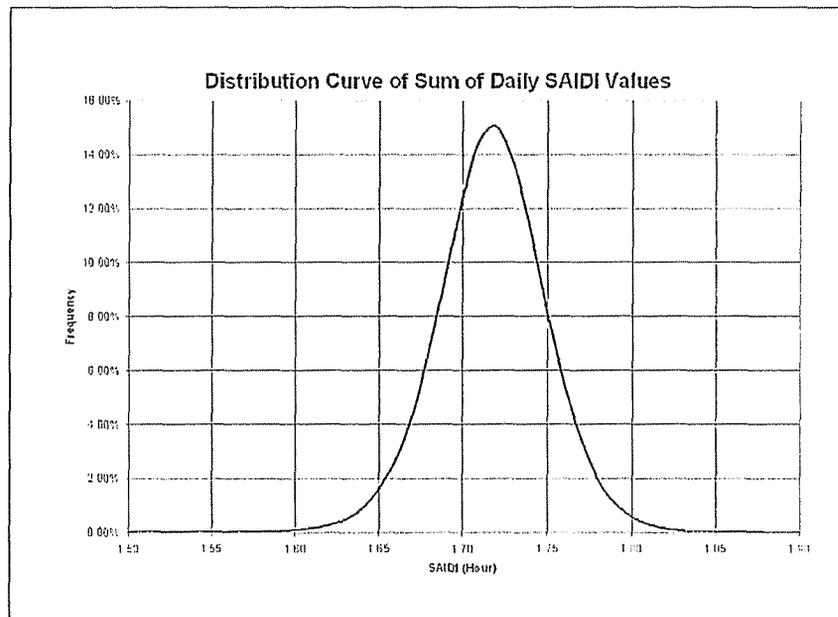
Annual SAIFI and SAIDI are usually reported to a utility commission. The daily SAIFI and SAIDI values have been shown to be approximately a log-normal distribution. Figure 4-6 illustrates the frequency distribution of one year of daily SAIFI observations (*see page 14*).

Figure 4-6: Sample Probability Distribution Plot of Daily SAIFI Observations



According to the Central Limit Theorem, the sum of independent, identically distributed observations are approximately normally distributed. A reported annual SAIFI or SAIDI is only one realization of the sum of log-normally distributed values. A computer simulation can produce multiple realizations of the sum. Figure 4-7 shows the resulting distribution of the sum of daily SAIDI observations that are log-normally distributed, using simulation. To account for the probability of a fair target, utility commissions and companies could incorporate simulation analysis to evaluate the fairness of proposed reliability targets.

Figure 4-7: Simulation Results



The Institute of Electrical and Electronic Engineers (IEEE) 1366 Guide for Electric Power Distribution Reliability Indices establishes a methodology for identifying major event days in reliability performance data. IEEE 1366 Appendix B demonstrates the rationale of translating daily SAIDI values using a log-normal transformation to determine major event days.

Daily SAIFI and SAIDI values follow a log-normal distribution. The targets being set by utility commissions are based on annual values. The underlying probability distribution of annual SAIFI and SAIDI values must be considered, or utility commissions and companies could establish targets that would not be advantageous to one of the parties. By the Central Limit Theorem, the sum of the daily SAIFI or SAIDI values will be normally distributed. This is a key point to understand in setting targets: the annual SAIFI and SAIDI values are not log-normally distributed.

Table 4-1 depicts an arithmetic mean and standard deviation of five years of SAIDI observations and the results of the log-normal adjustment used by a utility company in setting targets. Note that in the table the targets are close. This may not always be the case and care must be given to ensure a fair method is employed.

Table 4-1: Parameters for Target Establishment

Year	SAIDI	LnSAIDI	SAIFI	LnSAIFI
1996	72.80	4.29	1.03	0.03
1997	59.50	4.09	0.91	-0.09
1998	42.20	3.74	0.89	-0.12
1999	68.40	4.23	1.05	0.05
2000	74.40	4.31	1.09	0.09
2001	69.00	4.23	1.11	0.10
2002	71.10	4.26	0.98	-0.02
2003	92.00	4.52	1.24	0.22
Average	68.68	4.21	1.04	0.03
Std Dev	14.07	0.22	0.11	0.11
Penalty Target Avg + 1 SD	82.74	84.16	1.15	1.15
Reward Target Avg - 1 SD	54.61	53.78	0.92	0.93

To continue with the analysis of the example, a computer simulation is used to determine probabilities of rewards and penalties associated with targets developed using a normal distribution with arithmetic average and standard deviation and the targets derived by the log-normal translation and the standard arithmetic mean plus one standard deviation. Table 4-2 indicates that in this case, the probability associated with the reward (13.53 percent) is lower than the probability associated with the penalty (14.44 percent) when log-normal distribution is used to establish annual SAIDI targets. It is clear that more analysis and research in applying IEEE 1366 to setting targets is needed.

Table 4-2: Results of Analysis

	SAIDI	LnSAIDI
Average	73.13	4.28
Std Dev	10.63	0.14
Penalty Target Avg + 1 SD	83.76	83.49
Reward Target Avg - 1 SD	62.51	62.99
Probability of Being Less than Reward	15.83%	13.53%
Probability of Exceeding Penalty	15.83%	14.44%

Below are a few examples of penalty calculations that are being used by utilities.

Reliability Penalty Calculations

- Absolute maximum penalty per standard – e.g., \$18 million for failing to meet SAIDI target (\$2 million per one minute increment up to \$18 million)
- Per customer penalty per standard – e.g., \$1 per customer for failing to meet each standard
- Credit per outage occurrence – e.g., \$25 credit per occurrence to customers with seven interruptions or more in 12 months

Customer Service Penalty Calculations

- Absolute maximum penalty per standard – e.g., \$3 million for missing telephone response and customer complaint targets and \$300,000 for missing the estimated meter read target
- Per customer penalty per standard – e.g., \$40 bill credit for missed service connections
- Per day penalty per standard – e.g., \$1,000 per day until compliance for missing new service connections and average speed of answer targets

5. EFFECTS OF RELIABILITY REGULATION

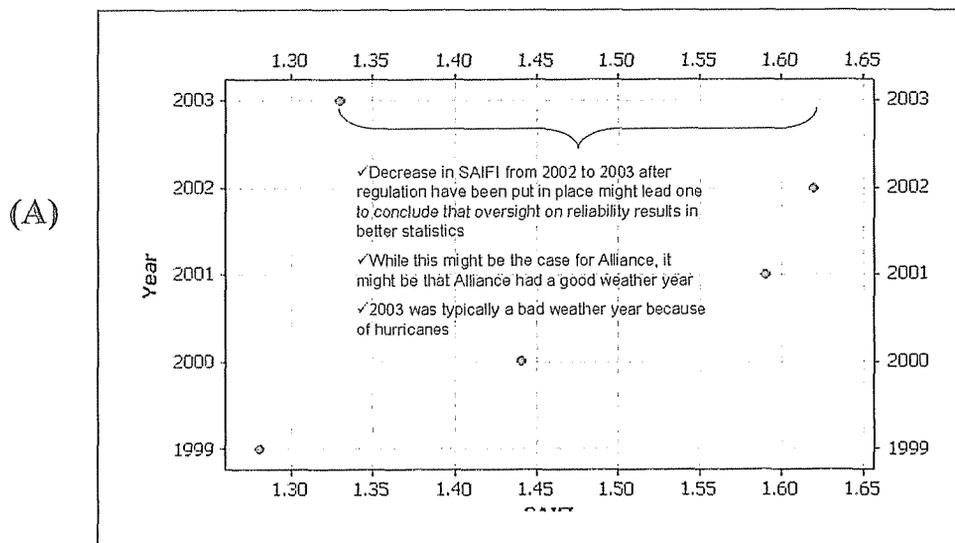
5.1. Correlation of Method and Impact

As the utility industry improves the technologies for data capture and analysis, it will be likely that a correlation between the annual reliability statistics and events such as regulatory mandates will exist. Additionally, reliability statistical data is not something utility companies provide to the general public. As a result, the limited data sets available for each utility do not support any correlation conclusions.

The correlation work was initiated with the hypothesis that within a year or two of Quality of Service mandates being placed upon a utility company an improvement would result, and that a consistent correlation across utility companies was expected. For each example that supported the hypothesis, however, there was one that did not, or there was a lack of data that made a conclusion suspect. While it is true that the hypothesis may be valid, there are also factors affecting the reliability statistics, such as more consumer oversight, that question the validity of the hypothesis.

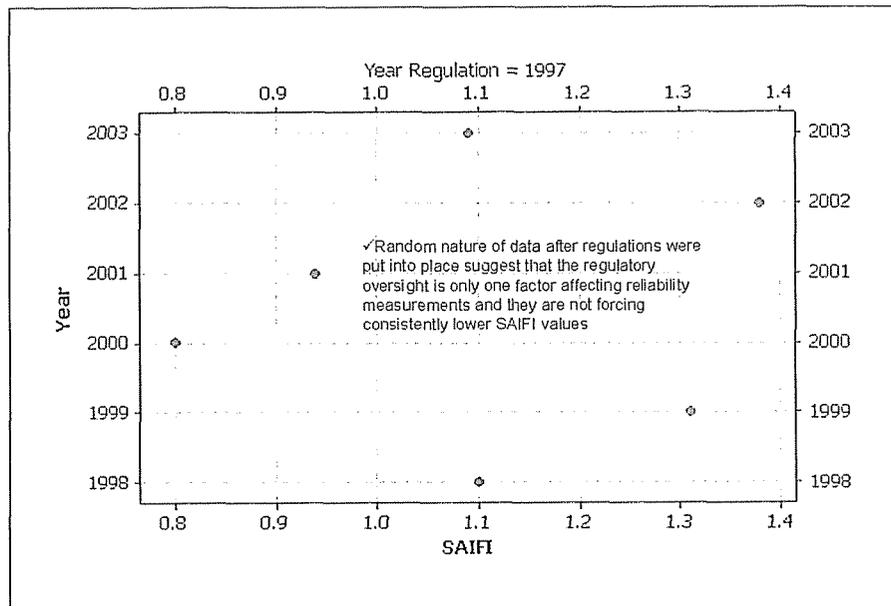
Below are examples of charts that support the hypothesis (A), contradict the hypothesis (B), and support the hypothesis but have missing data (C).

Figure 5-1: Scatterplots of Year Regulation in Place vs SAIFI

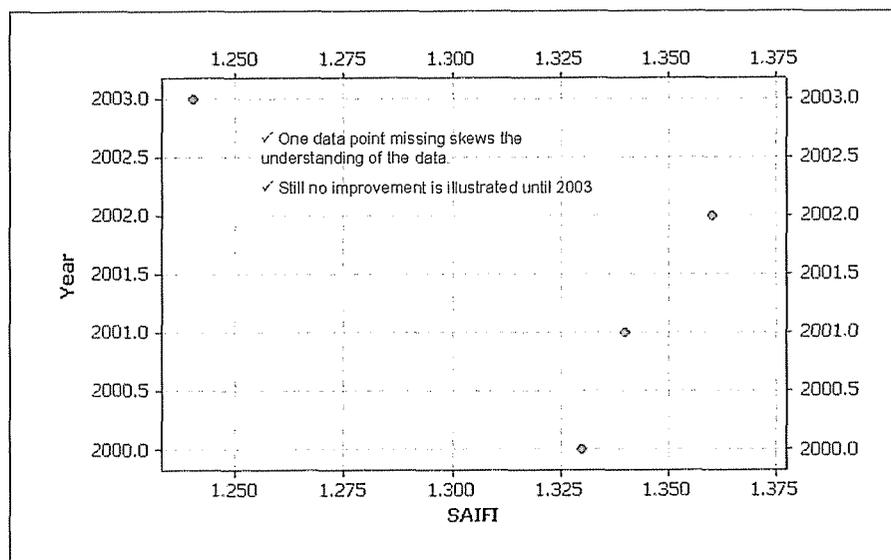


5. Effects of Reliability Regulation

(B)



(C)



6. PERFORMANCE REGULATION EMERGING TRENDS

Our evaluation of Reliability Regulation in the United States has revealed the following emerging trends that will be important for utilities to monitor.

1. Shift from ROE PBR to Quality of Service PBR
2. Regulators are not poised to impose more stringent standards
3. Nationwide/state standards are unlikely
4. Major event-related standards will become more prevalent
5. Regulators will continue to focus primarily on penalties
6. Reliability centered maintenance (RCM) may become another area of focus for regulators

In this section we will provide our analysis regarding each emerging trend.

6.1. Shift from ROE-Based PBR to Quality of Service PBR

Based on discussions with regulators and utilities, it appears that the future of ROE-based PBR seems limited. Specifically, as illustrated by the map in Figure 4-1, only two states currently have an ROE-based PBR and, while at least two other states (Kansas and Nevada) are considering it, there does not seem to be a great deal of momentum from state regulators or utilities to actively pursue ROE-based PBR. Additionally, Xcel's North Dakota ROE-based PBR tariff will expire at the end of 2005 and Xcel has not yet decided if it will support an extension of the tariff or if it will request a return to a cost of service tariff.

The shift away from ROE-based PBR seems to be a function of two important factors. First, the mechanisms for calculating, monitoring, and reporting ROE-based PBR are fairly complex and cumbersome. Second, utilities are more accustomed to traditional cost of service regulation and the introduction of penalties and rewards associated with specific performance standards is seen as a less cumbersome mechanism.

This shift is likely a short-term trend given that ROE-based PBR seems to provide the best vehicle to address the objectives of both state regulators and utilities. ROE-based PBR will likely afford utilities greater opportunities to seek higher returns and will allow regulators to establish greater controls for ensuring that reliability and customer service performance levels remain satisfactory.

6.2. Regulators Are Not Poised to Impose More Stringent Standards

State regulators have had varying degrees of focus regarding reliability regulation and seem to be mostly concerned with monitoring reductions in reliability performance based on historical data rather than establishing complex, stringent regulatory requirements. Interviews with regulators and utilities suggest that all parties are struggling with developing relatively simple and fair mechanisms for monitoring utility reliability performance. It also seems clear that there is a tacit level of mistrust between utilities and state regulators based on past experiences, where regulators believed that utilities took advantage of reliability

performance mechanisms and regulators believed that utilities should not be rewarded for performance they should already be delivering.

As mentioned earlier, regulators are increasingly interested in a couple of key questions. First, will reliability performance be affected by utility cost cutting efforts? Second, do utilities have sufficient measures in place to limit the effect of significant events? It seems likely that while regulators are certainly ready to react to declining performance, they are not collectively interested in creating more stringent standards.

6.3. Nationwide/State Standards Are Unlikely

As mentioned earlier, some state regulators would like to compare performance across utilities. At the present time, this appears to be an extremely challenging and potentially damaging course of action. Due to a number of differences related to their delivery systems and environment, obtaining exactly the same level of performance for all utilities within a jurisdiction, or even across regions within the same utility, is very expensive and probably not possible. For years, utilities have struggled with benchmarking their performance as a means of determining best practices and improving operational performance. The results of these benchmarking efforts have been mixed at best, for while it is true that there are a few sound utility benchmarking methodologies which use various normalization mechanisms, we believe that using these types of approaches to support rate filings is a risky proposition. However, the pressure to create statewide standards will likely continue.

Nevertheless, today there are a number of significant challenges that would make this type of standardization very difficult and potentially lead to meaningless and unfair comparisons (*see Table 5-1*). To begin with, regulators have different perspectives and interests regarding how to measure performance. Secondly, there are a number of environmental and regional issues associated with standardization, such as differing customer demographics, geography, climate, and vegetation density. In addition, each utility has a slightly different system in terms of voltage, configuration, design, and redundancy, making it difficult to compare them only on the basis of reliability performance. Finally, state regulators determine utility costs and creating a mechanism to align costs would be extremely difficult.

Table 5-1: Challenges to Nationwide/State Standardization

Utility Factors	External Factors
<ul style="list-style-type: none"> ▫ Outage management, MDT and GIS systems ▫ Degree of automation (SCADA) ▫ System configuration (network, loop, radial) ▫ Delivery modes (OH, UG) ▫ System age 	<ul style="list-style-type: none"> ▫ Customer density (urban, suburban, rural) ▫ Geography (vegetation, terrain, coastal) ▫ Climate ▫ Environmental Factors ▫ Supply from third party (generation/transmission/substation) ▫ Major event definition

6.4. Major Event-Related Standards Will Become More Prevalent

Over the last several years, major events and the time required to restore service have come under increased regulatory scrutiny. Examples include: North Carolina and South Carolina Ice Storm (December 2003), Hurricanes Isabel and Juan (September 2003), Utah Snow Storm (December 2004), four hurricanes in Florida (Summer 2004), and the Maritime Ice Storm (November 2004). After each of these events, the respective state regulators commissioned performance reviews or investigations.

Major Event Focus Areas: The reviews and investigations have focused on three areas where standards are likely to emerge: system resiliency and whether enough money was spent to ensure that the system was capable of meeting electric system standards; the adequacy of restoration strategies, plans, and practices from the perspectives of preparedness and execution; and the effectiveness of communication processes.

Based on an analysis of these major event reviews, a number of conclusions have emerged.

- The systems are resilient.
- Adequate funds are being spent on maintenance and reliability.
- Restoration strategies, plans, and practices meet standard utility practices, but more effective resource acquisition (mutual aid) practices need to be employed, such as getting crews on the road earlier and allowing utilities to recover these costs even if they are not used.
- Communication processes with all stakeholders and customers need to be improved – before, during, and after an event.
- Restoration structures and emergency management structures and practices (e.g., Incident Command Structures) need to be aligned.

Major Event Measurement: Currently, state regulators employ different approaches to determine which events should be excluded from major event adjusted reliability measures (SAIFI and SAIDI). Through a comprehensive process, IEEE determined that exclusions based on percentage of customers or duration of an event resulted in SAIFI, SAIDI, and CAIDI measures that did not reflect the variability that can occur in reliability measures as a result of weather. IEEE 1366 2004 seems to be a sound course of action because it provides a more consistent approach for determining which major event days should be excluded from the calculation of the reported reliability measures. It also provides a more objective and fair comparison of reliability performance across various utilities.

6.5. Reliability Centered Maintenance as Another Area of Focus

Maintenance practices have a significant impact on reliability. Historically, maintenance programs for equipment like breakers, transformers, and line reclosure have been based on months in operation. This assumes that the equipment would follow a failure curve based on time rather than frequency of operation. Until the 1960s, the commercial airline industry based their maintenance programs on the same assumptions that the probability of failure increased as the asset aged (wear-out or bathtub curves). During the 1960s, however, the airline industry began to rethink their maintenance philosophy based on the increased number of daily flights. If the industry had continued to rely on a time based maintenance philosophy, they estimated the in-flight failure rate would have resulted in two air disasters per day. Out of these realizations, the airline industry developed reliability centered maintenance (RCM) programs. Utilities are beginning to evaluate the RCM philosophy to replace traditional time based programs in the hope they will reduce costs and improve reliability.

Reliability Centered Maintenance: Reliability centered maintenance, which is a scientific process designed to develop a maintenance program, focuses on equipment condition and is matched to the wear-out pattern of that equipment based on operation, not time. Those industries using RCM, such as the U.S. airline industry, the U.S. Navy (including nuclear submarines), nuclear power plants, and fossil fuel plants, indicate that adoption of RCM has increased reliability while simultaneously reducing costs.

The Implications for the U.S. Power Delivery Industry: Regulatory efforts, with regard to maintenance, follow two general approaches: development of time based maintenance intervals with compliance reporting, typically on an annual basis; and development of a higher level maintenance approach with assessments or self-certification. Time based maintenance may be cost effective for some technologies, but it is likely not effective for all assets. As more utilities evaluate the RCM model, regulators will have to review the benefits and accept the model as part of a cost effective maintenance program. If RCM-type approaches are proven to be effective, but are not accepted by the commissions, utilities will be forced to continue to use the time based methodology and may face a “wall” where assets will need to be replaced in large quantities. As a result, utilities may begin a large-scale and unfocused replacement strategy that does not produce commensurate reliability.

6.6. Regulators Will Continue to Focus on Penalties

It is likely that regulators will continue to focus on imposing penalties for not achieving reliability performance targets rather than providing incentives for utilities that go beyond targeted performance. There are two of important reasons for this punitive focus. First, many state regulators feel that utilities should not be rewarded for service they should already be providing. Second, many regulators believe that there is no tangible benefit to most customers when a utility achieves performance beyond targets. A number of utilities have explored offering superior reliability service to customers at a premium, only to find that most customers are not willing to pay this premium.

7. STATE PERFORMANCE REGULATION SUMMARIES

7.1. Summary of State Approaches to Service Quality

Method of Performance Regulation	No. of States	States
Return on equity based PBR	2	Mississippi, North Dakota
Quality of service PBR – penalties and rewards	3	California, Massachusetts, Rhode Island
Quality of service PBR penalties only	11	Colorado, Florida, Maine, Michigan, Minnesota, Ohio, Oregon, Texas, Utah, Vermont, Washington
Quality of service - targets	11	Arkansas, Illinois, Indiana, Iowa, Kansas, Louisiana, New Jersey, New York, Oklahoma, Pennsylvania, Virginia
Quality of service – reporting	12	Alabama, Connecticut, Delaware, District of Columbia, Georgia, Hawaii, Kentucky, Maryland, Missouri, New Hampshire, Nevada, Wisconsin
No reporting requirement	12	Alaska, Arizona, Idaho, Montana, Nebraska, New Mexico, North Carolina, South Carolina, South Dakota, Tennessee, West Virginia, Wyoming

7.2. ROE Based PBR

Mississippi	
Overview of the Requirements	Mississippi has a true ROE based PBR. The risk/reward is set at +/- 50 basis points and is collected as a surcharge or paid as a credit on the bill. There are three metrics that comprise the bonus/penalty calculation. Price is weighted at 40 percent, customer satisfaction weighted at 20 percent, and reliability weighted at 40 percent.
Reliability Metrics	The reliability standards are calculated for each utility to obtain the weighted contribution but the base reliability metric is an approximation of CAIDI.

7. State Performance Regulation Summaries

Docket/Case Number	Mississippi Power – Rider PEP-4 (6/18/2004) Entergy Mississippi – Docket #02-UN-526 (12/31/2002)
Misc. Comments	Both regulated utilities are measured by the same metrics: price, customer satisfaction, and reliability. However, they differ in the formulas used to calculate the performance metrics.

North Dakota	
Overview of the Requirements	North Dakota has a true ROE based PBR. The base rate of return was negotiated, as were all of the performance standards. The risk/reward is set at 25 basis points and is collected as a surcharge or paid as a credit on the bill.
Reliability Metrics	CAIDI and SAIFI
Docket/Case Number	Excel – Case #PU-400-00-195 Otter Tail – Case # PU-401-00-36 (effective date: 12/29/00)
Misc. Comments	The PBR tariff will end this year. It is not known if the PBR ratemaking methodology will be extended for either utility. Both regulated utilities have the same rate methodology at the macro level.

7.3. Quality of Service PBR – Penalties and Rewards

California	
Overview of the Requirements	California has a cost of service based PBR.
Reliability Metrics	SAIFI, SAIDI, CAIDI, and MAIFI
Docket/Case Number	96-09-045 (effective date: 09/04/96)
Misc. Comments	California has very stringent vegetation inspection and tree trimming requirements for some utilities. Baseline reliability targets increase each year for some utilities. The state also has customer service metrics with targets but they are not subject to rewards or penalties.

Massachusetts	
Overview of the Requirements	Massachusetts has a cost of service based PBR.
Reliability Metrics	SAIFI, SAIDI, and CAIDI
Docket/Case Number	D.T.E. 99-84 (effective date: 06/29/2001)
Misc. Comments	All reliability benchmarks are set on company specific historic data.

Rhode Island	
Overview of the Requirements	Rhode Island has a cost of service based PBR.
Reliability Metrics	SAIFI and SAIDI.
Docket/Case Number	2930, order 16200 (effective date: 03/24/00)
Misc. Comments	All rewards are banked as a credit to offset future penalties.

7.4. Quality of Service PBR – Penalties Only

Colorado	
Overview of the Requirements	Colorado has a cost of service based PBR
Reliability Metrics	Performance standards and targets are negotiated, in some cases as part of a merger agreement. SAIDI is the reliability metric.
Docket/Case Number	95A – 531EG (effective date: 08/23/96)
Misc. Comments	Penalties are also applied to some customer service metrics.

7. State Performance Regulation Summaries

Florida	
Overview of the Requirements	One company has a SAIDI related target which is evaluated annually and carries a potential penalty if the performance exceeds the threshold.
Reliability Metrics	SAIDI, SAIFI, CAIDI, and MAIFI
Docket/Case Number	011351-EI/OSC-02-01424 (effective date: 10/18/02)
Misc. Comments	None

Maine	
Overview of the Requirements	Maine has a cost of service based PBR.
Reliability Metrics	SAIDI, SAIFI, and CAIDI
Docket/Case Number	Not available
Misc. Comments	All reliability benchmarks and customer service targets for large utilities in the state are set on company specific historic data. Penalties are also applied to some customer service metrics for the large utilities in the state.

Michigan	
Overview of the Requirements	Michigan a has cost of service based PBR.
Reliability Metrics	SAIDI, SAIFI, and CAIDI are used but penalties are tied to other metrics.
Docket/Case Number	U-12270 (effective date: 11/25/03)
Misc. Comments	Service restoration and same circuit repetitive outages carry penalties. Other customer service metrics have benchmark targets but do not carry a penalty.

Minnesota	
Overview of the Requirements	Minnesota has a cost of service based PBR.
Reliability Metrics	SAIDI and SAIFI
Docket/Case Number	MN Rules Chapter 7826 (effective date: 02/13/03)
Misc. Comments	Not all utilities in the state are subject to penalties. Other customer service metrics that carry a penalty are miss-locates, customer complaints, telephone response, customer metering and billing, repeated and sustained interruptions, long interruptions, gas service interruptions, and meter readings.

Ohio	
Overview of the Requirements	Ohio has a cost of service based PBR.
Reliability Metrics	SAIDI, SAIFI, CAIDI, and ASAI
Docket/Case Number	99-1613-EL-ORD, 97-15; ESSS Rules 4901-1-10-30 (effective date: 04/16/00)
Misc. Comments	Customer service standards have benchmark targets that can carry a penalty.

Oregon	
Overview of the Requirements	Oregon has a cost of service based PBR.
Reliability Metrics	SAIDI, SAIFI, CAIDI, and MAIFI
Docket/Case Number	OAR 860-023-0080 through 0160 (effective date: 01/01/98)
Misc. Comments	Oregon has a two tiered penalty system for reliability and service quality measures. The lower penalty, or tier one, carries a lower cost than tier two. If a utility's performance drives them to the tier two level, the penalty is much higher.

7. State Performance Regulation Summaries

Texas	
Overview of the Requirements	Texas has a cost of service based PBR.
Reliability Metrics	SAIDI, SAIFI, and CAIDI
Docket/Case Number	http://www.puc.state.tx.us/rules/rulemake/21076/21076.cfm (effective date: 12/31/99)
Misc. Comments	Targets and requirements are different for each utility in the state. Targets are set based on company specific data averaged over three years. Customer service metrics carry a penalty as well.

Utah	
Overview of the Requirements	Utah has a cost of service based PBR.
Reliability Metrics	SAIDI, SAIFI, and MAIFI
Docket/Case Number	98-2035-04 (effective date: 11/23/99)
Misc. Comments	Utah has standards for only one utility. Customer service metrics are included in the benchmark targets.

Vermont	
Overview of the Requirements	Vermont has a cost of service based PBR.
Reliability Metrics	SAIFI and CAIDI
Docket/Case Number	Rule 4.900 (effective date: 11/01/00)
Misc. Comments	Not all utilities in the state are subject to the penalty provisions. No customer service metrics are included.

Washington	
Overview of the Requirements	Washington has a cost of service based PBR.
Reliability Metrics	SAIDI and SAIFI
Docket/Case Number	UE-991168 (effective date: 03/26/01)
Misc. Comments	Not all utilities in the state are subject to the penalty provisions. Benchmark standards are negotiated with each utility. No customer service metrics are included.

7.5. Quality of Service PBR – Targets

Arkansas	
Overview of the Requirements	Annual report on performance against the benchmark targets. Not all utilities in the state have targets.
Reliability Metrics	SAIFI, SAIDI, CAIDI, and ASAI
Docket/Case Number	Not available
Misc. Comments	Failure to meet target does not result in a penalty. If targets are not met the utility is required to file a correction plan with the commission that will demonstrate what will be done to meet the target in the next report period.

Illinois	
Overview of the Requirements	Annual report on performance against the benchmark targets. Not all utilities in the state have targets.
Reliability Metrics	SAIDI, CAIDI, and CAIFI
Docket/Case Number	83 Illinois Admin Code, Part 411.140(b)(4) (effective date: 09/01/00)
Misc. Comments	Several utilities have customer service targets but there are no penalties if they fail to meet the target. If targets are not met the utility is required to file a correction plan with the commission that will demonstrate what will be done to meet the target in the next report period.

7. State Performance Regulation Summaries

Indiana	
Overview of the Requirements	Annual report on performance against the benchmark targets.
Reliability Metrics	SAIDI, SAIFI, and CAIDI
Docket/Case Number	Not available
Misc. Comments	No actions if targets not met.

Iowa	
Overview of the Requirements	Annual report on performance against the benchmark targets
Reliability Metrics	SAIDI, SAIFI, CAIDI and MAIFI
Docket/Case Number	RMU-02-3 (effective date: 10/25/02)
Misc. Comments	Commission is scheduled to review moving to rewards and penalties in 2007.

Kansas	
Overview of the Requirements	Annual report on performance against the benchmark targets. Not all utilities in the state have targets.
Reliability Metrics	SAIFI, SAIDI, and CAIDI
Docket/Case Number	02-GIME-365-GIE (effective date: 07/01/04)
Misc. Comments	Customer service targets are included for some utilities, but not all.

Louisiana	
Overview of the Requirements	Annual report on performance against the benchmark targets. Not all utilities in the state have targets.
Reliability Metrics	SAIFI, SAIDI, and CAIDI
Docket/Case Number	U-22389 (effective date: 04/15/98)
Misc. Comments	No actions if targets not met.

New Jersey	
Overview of the Requirements	Annual report on performance against the benchmark targets.
Reliability Metrics	SAIFI and CAIDI
Docket/Case Number	EX98080528 (effective date: 10/29/01)
Misc. Comments	Commission and legislature are considering setting targets for all utilities in the state.

New York	
Overview of the Requirements	Annual report on performance against the benchmark targets.
Reliability Metrics	SAIFI and CAIDI
Docket/Case Number	Not available
Misc. Comments	No actions if targets not met.

7. State Performance Regulation Summaries

Oklahoma	
Overview of the Requirements	Annual report on performance against the benchmark targets. Not all utilities in the state have targets.
Reliability Metrics	SAIFI, SAIDI, CAIDI, and MAIFI
Docket/Case Number	RM200400005 (effective date: 07/01/04)
Misc. Comments	Commission will set targets for those utilities that currently have three years of OMS data is available.

Pennsylvania	
Overview of the Requirements	Annual report on performance against the benchmark targets.
Reliability Metrics	SAIFI, SAIDI, and CAIDI
Docket/Case Number	M00991220 (effective date: 07/11/98)
Misc. Comments	If targets are not met the utility is required to file a correction plan with the commission that will demonstrate what will be done to meet the target in the next report period.

Virginia	
Overview of the Requirements	Annual report on performance against the benchmark targets.
Reliability Metrics	SAIDI and SAIFI
Docket/Case Number	Not available
Misc. Comments	No actions if targets not met.

7.6. Quality of Service – Report Only

Alabama	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIDI, SAIFI, CAIDI, MAIFI, and CAIFI
Docket/Case Number	Dockets 18117 & 18416 (effective date 2004)
Misc. Comments	None

Connecticut	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIDI, SAIFI, and CAIDI
Docket/Case Number	Not available
Misc. Comments	None

Delaware	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIFI and CAIDI
Docket/Case Number	50/6298 (effective date: 11/04/03)

7. State Performance Regulation Summaries

District of Columbia	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIDI, SAIFI, and CAIDI
Docket/Case Number	FC982, FC766 (effective date: 01/22/97)
Misc. Comments	Commission is considering moving to targets in 2006.

Georgia	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIDI and SAIFI
Docket/Case Number	11941 (effective date: 08/03/04)
Misc. Comments	None

Hawaii	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIDI and SAIFI
Docket/Case Number	Not available – see comments
Misc. Comments	Commission denied utility request for PBR several years ago. Commission is re-evaluating need to place penalty on poor performance.

Kentucky	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIFI and CAIDI
Docket/Case Number	Not available
Misc. Comments	Not all utilities in the state are required to report performance. Some customer service metrics are reported as well.

Maryland	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties,
Reliability Metrics	SAIDI, SAIFI, and CAIDI
Docket/Case Number	CN8826 (effective date: 04/15/02)
Misc. Comments	Commission is not currently considering targets.

Missouri	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIDI, SAIFI, and CAIDI
Docket/Case Number	Not available
Misc. Comments	Reporting requirements are different for utilities in the state.

7. State Performance Regulation Summaries

New Hampshire	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIFI, SAIDI, CAIDI, customers interrupted per interruption index (CIII), number of device operations (momentaries)
Docket/Case Number	DE 95-194 & DE 97-034 (effective date: 12/6/2000)
Misc. Comments	None

Nevada	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SADI, SAIFI, and MAIFI
Docket/Case Number	Not available
Misc. Comments	None

Wisconsin	
Overview of the Requirements	Report annual performance only for selected reliability metrics. No targets, rewards, or penalties.
Reliability Metrics	SAIDI, SAIFI, and CAIDI
Docket/Case Number	Ch PSC 113 WI Admin Code; (effective date: 2000)
Misc. Comments	Customer service metrics are also reported.

GLOSSARY OF TERMS

Customer Average Interruption Duration Index (CAIDI) is the average time a customer's service is out during an interruption.

Customers Experiencing Multiple Interruptions (CEMI) is the percentage of customers that experienced more than a certain number of interruptions.

Customers Experiencing Longest Duration Interruptions (CELID) is the percentage of customers that experienced outages longer than a certain threshold (e.g., 12 hours).

Feeder Average Interruption Frequency Index (FAIFI) is the average number of service interruptions per customer served by the feeder.

Feeder Average Interruption Duration Index (FAIDI) is the average number of service interruption minutes per customer served by the feeder.

Geo-spatial Information System (GIS) maintains the location and geographical information for each circuit and the characteristics of each circuit, including equipment and drawings. Outage Management System interacts with the GIS to analyze the outage and provide probable location of the interruption.

IEEE 1366 (2004) provides a method using 2.5 beta log of daily SAIDI for normalizing reliability data to account for unusual events.

Mobile Dispatch Terminals (MDT) provide utility crews with direct access to the outage information. It allows them to enter directly the detailed restoration information into the Outage Management System.

Momentary Average Interruption Frequency Index (MAIFI) is the average number of momentary interruptions per customer served at the system level.

Outage Management System (OMS) - An outage management system is a computerized system that records and analyzes outages as they are received and helps determine the probable location of the cause of the outage.

ROE Based PBR (PBR) exists where the Rate of Return is set with a dead band (range where the utility and shareholders assume all benefits and cost) and a live band (range above and below the dead band that would have a sharing mechanism assigned).

Quality of Service PBR (QSP) exists where the Rate of Return is set using the conventional cost of service methodology and the utility has reliability and/or customer service targets imposed by the commission with penalties and/or rewards.

Quality of Service Targets (QST) exists where the Rate of Return is set by using the conventional cost of service methodology and the utility has reliability and/or customer service targets imposed by the commission without penalties or rewards.

Supervisory Control and Data Acquisition (SCADA) application allows remote control of field devices and acquires the appropriate field data to allow monitoring of field conditions

System Average Interruption Frequency Index (SAIFI) is the average number of service interruptions per customer served at the system level.

System Average Interruption Duration Index (SAIDI) is the average number of service interruption minutes per customer served at the system level.

Worst Performing Feeder (WPF) refers to feeder switch poorest reliability performance based on a predetermined criteria which usually includes a combination of FAIFI and FAIDI.

ENDNOTES

Listed below are the sources for the figures.

- **Figure 4-6 Source:** DCI client database of historical SAIFI and SAIDI observations
- **Figure 4-7 Source:** DCI simulation of annual SAIDI observations using lognormally distributed Daily SAIDI values
- **Figure 4-8 Source:** DCI simulation results and application of lognormal to observed data
- **Figure 4-9 Source:** DCI simulation results
- **Figures 5-1 to 5-3 Source:** DCI Analysis of State Reliability programs



**EDISON ELECTRIC
INSTITUTE**

701 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-2696
202-508-5000
www.eei.org

#93-05-02

Kentucky Power Company

REQUEST

Refer to the Company's response to KIUC 1-75 for account 314.

- a. Please describe in detail the Big Sandy Unit 1 turbine retrofit, including, but not limited to, the scope of work performed and the start and completion dates.
- b. Please describe in detail any resulting increases in output as a result of the turbine retrofit and quantify any increases in mW capacity and in energy output on an annualized basis.
- c. Please provide the fuel expense on a per mWh basis for all energy produced by Big Sandy 1 and by Big Sandy 2 during the test year.
- d. Please provide the non-fuel incremental variable expense on a per mWh basis for all energy produced by Big Sandy 1 and by Big Sandy 2 during the test year.
- e. Please provide the capacity factor, capacity in mW, and energy generation (mWh) for each month at Big Sandy 1 and at Big Sandy 2 from January 2004 through January 2010.

RESPONSE

- a. The HP(high pressure) turbine rotor, inner and outer shell, throttle and governor valves were replaced. The IP/SFLP (intermediate pressure/single flow low pressure all on one rotor) rotor and inner shell also were replaced. The high pressure oil control system was replaced with a electro hydraulic control system run by Ovation (computer control). This work started in June 2009 while the Unit was still running and was completed in late December 2009. The fall outage was from September 19, 2009 and returned to service on December 13, 2009.
- b. Improvements at Big Sandy Unit 1 have increased summer and winter ratings of the unit by 13 MW and 18 MW respectively, consistent with NERC region reporting. For AEP Interconnection Agreement ("East Pool") capacity settlements, Big Sandy Unit 1 was increased by 17 MW. In addition, for a given capacity factor, the unit will produce approximately 5% to 7% more energy. The first actual AEP Interconnection Agreement ("East Pool") capacity settlement statement reflecting this change will be the February 2010 Actual which will be available the first week in April 2010. The Company is obligated to provide this information when available pursuant to the Staff 1st Set Item No. 43.

- c. On a per MWh basis, the fuel expense for Big Sandy 1 and 2 during the test year was \$29.85/MWh.
- d. On a per MWh basis, the non-fuel (variable O&M) expense for Big Sandy 1 and 2 during the test year was \$4.67/MWh.
- e. Please refer to the attached pages for the Monthly Capacity Factor (%), Capability (MW), and Generation (MWh) for Big Sandy 1 and Big Sandy 2 from January 2004-January 2010.

WITNESS: Errol K. Wagner

Kentucky Power Company

REQUEST

Refer to the Company's response to AG 1-9 pages 2 and 3 of 3.

- a. Please explain why the OSS margins increase in every year compared to the prior year 2010 through 2013.
- b. Separate the annual increases into market price increases and volume increases. Provide all assumptions, data, including mWh volumes and forward price curves, computations and electronic spreadsheets with formulas intact.

RESPONSE

- a. As shown on the attached CD, the forecasted volume of off-system sales is expected to increase by 187 GWh from 2010 to 2011 creating a volume variance of \$3.3 million, which is partially offset by a \$0.6 million decrease due to pricing, translating into a \$0.34 decrease on a per MWh basis. In 2012, the forecasted volume of off-system sales is expected to increase by 413 GWh over 2011, creating a volume variance of \$7.1 million. In addition, the pricing variance accounts for a \$7.0 million increase in profit over 2011, translating into a \$3.31 increase on a per MWh basis. In 2013, the forecasted volume of off-system sales is expected to decrease by 295 GWh creating a decrease in profit of \$6.1 million. This decrease is more than offset by an expected increase in pricing of \$33 million which translates into an increase of \$18 per MWh.
- b. Please refer to the answer provided above for a. for the changes in market prices and volumes. The confidential forward curves are provided in the attached CD, labeled price curve. The public redacted copy is provided in a hard copy attached to this response. Confidential protection of portions of Attachment 24(b) is being requested in the form of a Motion for Confidential Treatment.

WITNESS: Errol K. Wagner and Thomas M. Myers

KENTUCKY POWER COMPANY
 Off-System Sales Margin
 (\$000's)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
January	1,882	2,352	3,995	5,745
February	2,015	1,829	3,302	4,926
March	1,682	2,634	2,612	4,355
April	1,796	2,715	3,231	3,620
May	1,420	2,089	2,969	4,100
June	3,004	2,953	4,228	6,962
July	3,985	4,208	5,572	8,884
August	4,497	5,179	6,588	10,341
September	2,040	2,432	3,096	6,955
October	1,257	727	2,077	4,412
November	1,608	802	2,296	4,960
December	1,610	1,574	3,671	5,342
Total	\$26,796	\$29,494	\$43,635	\$70,602

KENTUCKY POWER COMPANY
 Off-System Sales
 MWh

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
January	125,106	148,121	191,431	147,157
February	130,277	109,135	147,203	144,781
March	107,183	166,238	131,009	126,357
April	127,503	172,752	160,713	103,233
May	106,531	131,061	162,420	169,310
June	165,058	175,400	204,260	205,609
July	192,277	211,145	224,393	218,018
August	210,370	233,579	243,850	230,255
September	124,999	157,783	181,469	156,983
October	64,376	57,401	142,279	122,892
November	88,645	53,801	148,865	101,586
December	87,607	100,580	192,251	108,514
Total	1,529,933	1,716,996	2,130,142	1,834,696

Analysis of Year-to-Year Variances

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$/MWh	\$17.51	\$17.18	\$20.48	\$38.48
Price change - \$/MWh		(\$0.34)	\$3.31	\$18.00
Volume change - MWh		187,063	413,146	(295,446)
Total Variance - \$000		\$2,699	\$14,141	\$26,967
Variance due to Price - \$000		(578)	7,044	33,019
Variance due to Volume - \$000		3,276	7,097	(6,052)

Power Prices (\$/MWh) -Nominal \$'s		
Month	PJM - AEP GEN HUB	
	On-Peak	Off-Peak
Jan-10		
Feb-10		
Mar-10		
Apr-10		
May-10		
Jun-10		
Jul-10		
Aug-10		
Sep-10		
Oct-10		
Nov-10		
Dec-10		
Jan-11		
Feb-11		
Mar-11		
Apr-11		
May-11		
Jun-11		
Jul-11		
Aug-11		
Sep-11		
Oct-11		
Nov-11		
Dec-11		
Jan-12		
Feb-12		
Mar-12		
Apr-12		
May-12		
Jun-12		
Jul-12		
Aug-12		
Sep-12		
Oct-12		
Nov-12		
Dec-12		
Jan-13		
Feb-13		
Mar-13		
Apr-13		
May-13		
Jun-13		
Jul-13		
Aug-13		
Sep-13		
Oct-13		
Nov-13		
Dec-13		

Kentucky Power Company

REQUEST

Refer to the Company's response to AG 1-28(a) and the reference to AEP "models."

- a. Please describe each of these "models" and how they are or would be used.
- b. Please provide a copy of each of these "models."
- c. Please provide a copy of each of the studies "to estimate the costs in transitioning to a cycle-based approach to vegetation management."

RESPONSE

- a. As stated in the response to Attorney General question 1-28(a), the "models" are used to estimate the annual expenditures required to transition from a performance-based approach to vegetation management to a cycle-based approach. These "models" take into account a variety of inputs to generate the estimated capital and O&M expenditures for each year during the transition. Please see the attached pages for further detail.
- b. Please see the attached pages.
- c. In the Company's response to Attorney General question 1-28(a), the Company does not identify the use of studies to estimate the expenditures required to transition to a cycle-based approach to vegetation management but instead identifies the use of models. The model used to calculate the expenditures for the Company is provided in the attachment to this response.

WITNESS: Everett G Phillips

KENTUCKY POWER COMPANY

DISTRIBUTION
 Scenario 1 - 5 Yr Reclear/4 Yr Cycle

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11	Yr 12
Total Capital Need Scenario 1	\$3.92	\$4.12	\$4.32	\$4.54	\$4.77	\$2.99	\$3.14	\$3.30	\$3.46	\$3.64	\$3.82	\$4.01
Total O&M Need Scenario 1	\$21.17	\$21.80	\$22.46	\$23.13	\$23.82	\$12.42	\$12.79	\$13.18	\$13.57	\$13.98	\$14.40	\$14.83
Incremental Capital Need Scenario 1	\$1.84	\$2.04	\$2.24	\$2.46	\$2.69	\$0.91	\$1.06	\$1.22	\$1.38	\$1.56	\$1.74	\$1.93
Incremental O&M Need Scenario 1	\$13.93	\$14.56	\$15.22	\$15.89	\$16.58	\$5.18	\$5.55	\$5.94	\$6.33	\$6.74	\$7.16	\$7.59

\$2.08
 \$7.24

Test Year Capital
 Test Year O&M

The Vegetation Management Model calculates funding to achieve a vegetation management cycle within a jurisdiction.

It is primarily based on the cost per line mile for reclearing and takes into account on-going maintenance required on the system while the cycle is being achieved.

Inputs:

- **Primary line miles**
- **\$/line mile – Full Reclearing:** estimated total cost of full reclearing based on current conditions
- **% Capital for Full Reclearing:** estimated % of total cost that will be capital
- **% Capital during routine maintenance:** estimated % of total cost that will be capital after the system has been fully recleared
 - generally assumed to be approx 15%
- **% System needing full Maintenance:** % of system that has not been fully recleared in past 4 years
 - assumption that if area has been cleared in past 4 years, it will be “up to spec”; if it has not been cleared, it will be in need of full (highest cost) clearing.
- **\$/Mile Herbicide:** estimated cost of herbicide on a per mile basis
- **% Miles for Herbicide (recleared prev yr):** following clearing, herbicide will be applied in the following year to “hold” the clearing and encourage establishment of low growing species
 - assumption that not all recleared miles will be available for herbicide treatment due to location and customer desires
- **Years to Implement:** # of years to be taken to implement a cycle program
- **Final Cycle:** # of year cycle being established in the reclearing program
- **Test year capital:** Capital \$’s included in the test year - **Material and Outside Services, Direct Cost**
 - Used to calculate incremental funds needed
- **Test year O&M:** O&M \$’s included in the test year - **Material and Outside Services, Direct Cost**
 - Used to calculate incremental funds needed
- **Capital Inflation Factor:** establishing a cycle is a multi-year project and inflation will impact \$’s required
- **O&M Inflation Factor:** establishing a cycle is a multi-year project and inflation will impact \$’s required
- **Capital Loading Factor:** Capital \$’s must be loaded to ensure full cost is estimated

Calculations:

- **\$/Mile Reclear (on-going cycle):** \$/mile - based on total program;
assumed to be ~60% of full reclear cost - 4 or 5 yr cycle
assumed to be ~75% of full reclear cost - 6 or greater yr cycle
- **Repetitive \$/yr:** Clearing costs @ \$/mile reclear for line mileage required for cycle + herb. costs @ \$/mile for line miles that will be treated each year during routine cycle maintenance
- **Adjusted \$/mile:** Total Repetitive Cost / (line miles / # years in cycle)

KENTUCKY POWER COMPANY

DISTRIBUTION		Scenario 1 *
Inputs in Green Cells	Totals & Averages	
Primary Line Miles	7,890	7,890
\$/Line Mile - Full Reclearing		\$10,550
% Capital for Full Reclearing		13%
% Capital during routine Maintenance		15%
% System needing full Maint	68%	68%
\$/Mile Herbicide		\$300
% Miles for Herbicide (recleared prev yr)		20%
Years to Implement	5.00	5
Final Cycle	4.00	4
Test Year Capital		\$2,080,000
Test Year O&M		\$7,240,000
Capital Inflation Factor		5%
O&M Inflation Factor		3%
Capital Loading Factor		24%
\$/Mile Reclear (on-going cycle)		\$6,330
Repetitive \$ / yr	\$12,604,275	\$12,604,275
Adjusted \$/mile		\$6,390

Scenario Description

* Scenario 1 - 5 Yr Reclear/4 Yr Cycle

KENTUCKY POWER COMPANY

Step 1: Unloaded Cost to Achieve

Category	Line Miles to Maintain	Cost Per Line Mile or Per Year	Cost
Distribution Line Miles	5,365	\$10,550	\$56,602,860
Herbicide for newly cut r/w	1,073	\$300	\$321,912
Inspections	N/A	N/A	\$1,707,743
Repetitive Trimming & Herbicide	N/A	12,604,275	\$63,021,375
		Unloaded Total Cost	\$121,653,890
Plan's Year 1 Base Cost	5		\$24,330,778

Step 2: Adding Inflation Factor

Category	Inflation Factor
Capital Inflation Factor	5%
O&M Inflation Factor	3%

Step 3: Determine Loaded Cost to Achieve O&M and Capital Split

Year	O&M	Capital Split	Capital Loading	Total Capital	Adjusted Total Cost Per Year
1	87%	13%	24%	\$3,922,121	\$25,089,898
2	\$21,167,777	\$3,163,001	\$759,120	\$4,118,227	\$25,921,038
3	\$21,802,810	\$3,321,151	\$797,076	\$4,324,139	\$26,781,033
4	\$22,456,895	\$3,487,209	\$836,930	\$4,540,346	\$27,670,947
5	\$23,130,601	\$3,661,569	\$878,777	\$4,767,363	\$28,591,882
6	\$23,824,519	\$3,844,648	\$922,715	\$5,000,000	\$29,500,000
7	\$24,530,000	\$4,037,777	\$968,666	\$5,237,777	\$30,410,000
8	\$25,247,777	\$4,240,777	\$1,017,777	\$5,480,777	\$31,330,000
9	\$26,000,000	\$4,454,444	\$1,070,000	\$5,730,000	\$32,260,000
10	\$26,797,777	\$4,678,889	\$1,126,666	\$6,000,000	\$33,200,000
11	\$27,630,000	\$4,914,444	\$1,187,777	\$6,280,000	\$34,150,000
12	\$28,500,000	\$5,161,111	\$1,253,333	\$6,580,000	\$35,100,000
		\$17,477,578	\$4,194,619	\$21,672,197	\$134,054,799

Step 4: Total Cost to Maintain

Line Miles	Cost Per Line Mile	Total Cost
7,890	\$6,390	\$50,417,100

Average Line Miles Per Year: 1972.5
 Avg Cost per Line Mile: \$6,390
 Total Cost: \$12,604,275

Step 5: O&M and Capital Split for On-Going Work

Year	O&M	Capital	Capital Loading	Tot Cap	Total
1	85%	15%	24%	\$0	\$0
2	\$0	\$0	\$0	\$0	\$0
3	\$0	\$0	\$0	\$0	\$0
4	\$0	\$0	\$0	\$0	\$0
5	\$0	\$0	\$0	\$0	\$0
6	\$12,420,038	\$2,412,991	\$579,118	\$2,992,108	\$15,412,146
7	\$12,792,639	\$2,533,640	\$608,074	\$3,141,714	\$15,934,353
8	\$13,176,418	\$2,660,322	\$638,477	\$3,298,799	\$16,475,218
9	\$13,571,711	\$2,793,338	\$670,401	\$3,463,739	\$17,035,450
10	\$13,978,862	\$2,933,005	\$703,921	\$3,636,926	\$17,615,788
11	\$14,398,228	\$3,079,655	\$739,117	\$3,818,773	\$18,217,001
12	\$14,830,175	\$3,233,638	\$776,073	\$4,009,711	\$18,839,886

FULL CYCLE

Inputs	7,890
Primary Line Miles	\$10,550
\$/Line Mile - Full Recharging	13%
% Capital for Full Recharging	15%
% Capital during routine Maintenance	68%
% System needing full Maint	\$300
\$/Mile Herbicide	20%
% Miles for Herbicide (recharged prev. yr)	4
Years to implement	5
Final Cycle	4
Test Year Capital	\$2,080,000
Test Year O&M	\$7,240,000
Capital Inflation Factor	5%
O&M Inflation Factor	3%
Capital Loading Factor	24%
\$/Mile Recharge (on-going cycle)	\$6,330
Repetitive \$/yr	\$12,604,275
Adjusted \$/mile	\$6,390

Estimated Annual Cost to Achieve & Maintain Cycle Approach

Year	O&M	Capital	Total
1	\$21.17	\$3.92	\$25.09
2	\$4.12	\$25.92	\$25.92
3	\$4.32	\$26.78	\$26.78
4	\$4.54	\$27.67	\$27.67
5	\$4.77	\$28.59	\$28.59
6	\$4.99	\$29.51	\$29.51
7	\$5.14	\$30.38	\$30.38
8	\$5.30	\$31.18	\$31.18
9	\$5.46	\$31.57	\$31.57
10	\$5.64	\$31.98	\$31.98
11	\$5.82	\$32.40	\$32.40
12	\$6.01	\$32.84	\$32.84
S's over 12 years	\$207.55	\$46.03	\$253.58

Incremental Need (above Test Year) To Achieve & Maintain Cycle Approach

Year	O&M	Capital	Total
1	\$13.93	\$1.84	\$15.77
2	\$14.36	\$2.04	\$16.60
3	\$15.22	\$2.24	\$17.46
4	\$15.89	\$2.46	\$18.35
5	\$16.38	\$2.69	\$19.27
6	\$16.88	\$2.91	\$20.09
7	\$17.39	\$3.16	\$20.55
8	\$17.91	\$3.42	\$21.33
9	\$18.44	\$3.69	\$22.13
10	\$18.98	\$3.97	\$22.95
11	\$19.53	\$4.26	\$23.79
12	\$20.09	\$4.56	\$24.65
S's over 12 years	\$120.67	\$21.07	\$141.74

Kentucky Power Company

REQUEST

Refer to the Company's response to AG 1-32. Please describe and identify the baseline and metrics proposed by the Company to measure "the cost effectiveness" of the Company's Enhanced Vegetation Management Initiative. Please do not cite reliability indices or customer satisfaction unless the Company can convert these reliability and satisfaction metrics into "cost effectiveness" metrics.

RESPONSE

The baseline metrics to measure the cost-effectiveness of vegetation management spending include measures of the tree crews' productivity such as trees trimmed or removed, the amount of brush cut and the line miles cleared in a given period of time.

These metrics, however, do not address the effectiveness or the cost-effectiveness of the vegetation management program for which these activities are undertaken. To properly evaluate the effectiveness of a vegetation management program, one must look at tree-caused outages and how they affect both reliability indices such as SAIFI and SAIDI as well as customer satisfaction. This explains the Company's opening statement in its response to AG 1-32.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Refer to the Company's response to AG 1-35. Please confirm that the new software and the effort to inventory all vegetation could be implemented regardless of whether the Company maintained its performance based vegetation management program or transitioned to a cycle-based program? Please explain your response.

RESPONSE

Given the additional funds to implement the inventory process, an inventory of the vegetation could be incorporated as part of either a performance-based or a cycle-based vegetation management program.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Refer to the Company's response to AG 1-36(c). Please confirm that the Company presently gives priority to "those circuits that have the highest volume of customer and/or tree-related outage concerns." Please explain your response.

RESPONSE

As stated in his testimony beginning on line 5 of page 8, Company witness Phillips indicates that tree-related reliability performance and critical customer service needs are two of the factors used in the Company's current performance-based approach to vegetation management. While these are important factors, they are just two of the variables identified by Mr. Phillips. The cycle-based approach would also include these variables along with additional information gathered during the four-year evaluation cycle, such as those variables discussed by Mr. Phillips on page 14 of his testimony.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 2-10(a).

- a. Please describe the Company's tree trimming efforts using a "four year cycle within the station zones."
- b. Does the Company consider its "four year cycle within the station zones" a cycle based vegetation management approach or a cycle based vegetation management approach? Please explain your response.
- c. How will the Company change its present "four year cycle within the station zones" if it changes to a cycle based vegetation management approach?

RESPONSE

- a. The Company's tree trimming efforts within the station zones include the use of a cycle-based approach, however, a station zone typically consists of a very small portion of the entire circuit. A station zone is defined as the section of a circuit from the station circuit breaker to the first protection device located out on the line.
- b. The Company considers the station zones to be on a four-year cycle-based vegetation management approach, but, as stated in the answer to (a) above, the station zone is only a small portion of an entire circuit.
- c. As part of its recommended comprehensive cycle-based vegetation management approach, within its station zones, the Company will increase its efforts to remove hazard trees from outside the rights-of-way and identify the locations of "cycle busters" (fast growing yard trees located within the rights-of-way) and develop a plan to trim or remove the cycle busters before they grow back into our conductors.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 2-47(b). Please explain how this approach differs from the present performance based approach, if in fact it does differ.

RESPONSE

The performance-based approach uses the factors listed on page 8 of the direct testimony of Company witness Phillips, but with additional emphasis on tree-related reliability performance to determine where vegetation management activities need to occur in the distribution system. As explained in the Company's response to Staff's question 2-47(b), the cycle-based approach will use inspection and inventory data, such as tree growth rates and proximity to Company lines and equipment, to determine the vegetation management activities that need to occur. By employing the vegetation data, the cycle-based approach will be more proactive in determining where vegetation management activities need to occur before a customer outage occurs.

WITNESS: Everett G Phillips

Kentucky Power Company

REQUEST

Please provide a trial balance at September 2008 and September 2009.

RESPONSE

Please see pages 2 thru 17 for a trial balance at September 2008 and pages 18 thru 34 for a trial balance at September 2009.

WITNESS: Errol K Wagner

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
1010001	Plant in Service	1,440,419,776.15	1,434,438,922.82	5,980,853.33
1011001	Capital Leases	4,574,955.94	4,681,045.00	(106,089.06)
1011006	Prov-Leased Assets	(2,694,554.70)	(2,761,572.18)	67,017.48
1011012	Accrued Capital Leases	0.00	0.00	0.00
1050001	Held For Fut Use	6,808,947.00	6,808,947.00	0.00
1060001	Const Not Classifd	45,834,537.38	38,841,830.58	6,992,706.80
1070001	CWIP - Project	67,591,211.17	77,062,832.20	(9,471,621.03)
1080001	A/P for Deprec of Plt	(456,426,301.52)	(455,587,981.70)	(838,319.82)
1080005	RWIP - Project Detail	5,037,886.01	3,531,698.08	1,506,187.93
1080011	Cost of Removal Reserve	(33,002,980.93)	(32,911,700.04)	(91,280.89)
1080013	ARO Removal Deprec - Accretion	1,098,718.84	1,093,546.64	5,172.20
1110001	A/P for Amort of Plt	(19,609,995.13)	(19,286,465.02)	(323,530.11)
1210001	Nonutility Property - Owned	957,608.00	957,608.00	0.00
1220001	Depr&Amrt of Nonutl Prop-Ownd	(179,330.72)	(178,774.91)	(555.81)
1220003	Depr&Amrt of Nonutl Prop-WIP	4,053.89	4,053.89	0.00
1240002	Oth Investments-Nonassociated	806.00	806.00	0.00
1240005	Spec Allowance Inv NOx	695.20	695.20	0.00
1240007	Deferred Compensation Benefits	170,465.46	170,465.46	0.00
1240029	Other Property - CPR	4,533,569.90	4,533,569.90	0.00
1240037	Intang Assets - Amortizable	18,616.15	21,010.38	(2,394.23)
1240044	Spec Allowances Inv SO2	5,248.00	10,760.37	(5,512.37)
1240050	Spec Allowance Inventory CO2	6,486.47	9,241.74	(2,755.27)
1240092	Fbr Opt Lns-In Kind Sv-Invest	180,018.21	180,267.21	(249.00)
1290000	Pension Net Funded Position	11,529,725.39	11,650,981.38	(121,255.99)
1310000	Cash	450,180.49	570,546.90	(120,366.41)
1340018	Spec Deposits - Elect Trading	21,282.45	21,099.77	182.68
1340043	Spec Deposit UBS Securities	3,922,390.93	5,242,456.72	(1,320,065.79)
1340048	Spec Deposits-Trading Contra	(115,521.00)	(1,191,958.00)	1,076,437.00
1350002	Petty Cash	4,999.72	4,999.72	0.00
1420001	Customer A/R - Electric	24,482,110.79	23,425,487.29	1,056,623.50
1420003	Customer A/R - CMP	2,061.26	2,153.18	(91.92)
1420005	Employee Loans - Current	12,393.88	13,608.09	(1,214.21)
1420014	Customer A/R-System Sales	480,558.89	413,894.65	66,664.24
1420019	Transmission Sales Receivable	8,880.00	13,632.00	(4,752.00)
1420022	Cust A/R - Factored	(23,907,007.56)	(26,054,488.87)	2,147,481.31
1420023	Cust A/R-System Sales - MLR	13,035,391.33	15,683,895.73	(2,648,504.40)
1420024	Cust A/R-Options & Swaps - MLR	295,336.65	1,002,778.50	(707,441.85)
1420027	Low Inc Energy Asst Pr (LIEAP)	0.00	(40.00)	40.00
1420028	Emergency LIEAP	130.00	130.00	0.00
1420044	Customer A/R - Estimated	37,698.00	4,191,121.00	(4,153,423.00)
1430019	Coal Trading	541,678.87	463,730.88	77,947.99
1430022	2001 Employee Biweekly Pay Cnv	100,987.72	100,987.72	0.00
1430023	A/R PeopleSoft Billing System	8,225,392.22	8,276,866.11	(51,473.89)
1430081	Damage Recovery - Third Party	142,315.06	199,235.49	(56,920.43)
1430083	Damage Recovery Offset Demand	(158,105.74)	(214,616.59)	56,510.85
1430085	Gas Accruals GDA Transactions	1,323.92	0.00	1,323.92

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
1430086	AR Accrual NYMEX OTC Penults	29,029.36	13,837.80	15,191.56
1430087	PJM AR Accrual	3,376,268.60	3,802,303.51	(426,034.91)
1430089	A/R - Benefits Billing	(1,902.17)	(853.31)	(1,048.86)
1430090	Accrued Broker - Power	304,750.71	3,660.47	301,090.24
1440002	Uncoll Accts-Other Receivables	(4,276,078.84)	(4,255,256.68)	(20,822.16)
1440003	Uncoll Accts-Power Trading	(1,108,123.22)	(1,104,877.86)	(3,245.36)
1460001	A/R Assoc Co - InterUnit G/L	2,538,130.89	6,015,638.48	(3,477,507.59)
1460002	A/R Assoc Co - Allowances	0.00	0.00	0.00
1460006	A/R Assoc Co - Intercompany	496,812.65	564,132.88	(67,320.23)
1460008	A/R Assoc Co - AEPSC Bills	19.06	(5,429.48)	5,448.54
1460009	A/R Assoc Co - InterUnit A/P	7,905.74	1,685.10	6,220.64
1460011	A/R Assoc Co - Multi Pmts	1,407,500.23	1,476,556.11	(69,055.88)
1460012	A/R Assoc Co - Transmissn Agmt	178,443.00	265,997.00	(87,554.00)
1460024	A/R Assoc Co - System Sales	54,634.71	301,044.71	(246,410.00)
1460025	Fleet - M4 - A/R	30,903.82	27,922.60	2,981.22
1460028	Factored-A/R Chg off Limit Fee	0.00	0.00	0.00
1460045	A/R Assoc Co-Realization Sharng	3,490.00	0.00	3,490.00
1510001	Fuel Stock - Coal	14,748,656.72	13,796,377.39	952,279.33
1510002	Fuel Stock - Oil	1,142,501.39	1,008,804.36	133,697.03
1510020	Fuel Stock Coal - Intransit	2,777,853.16	1,513,170.50	1,264,682.66
1520000	Fuel Stock Exp Undistributed	136,429.42	166,719.47	(30,290.05)
1540001	M&S - Regular	8,474,622.57	8,388,255.58	86,366.99
1540004	M&S - Exempt Material	36,662.89	36,720.12	(57.23)
1540012	Materials & Supplies - Urea	391,406.05	278,703.61	112,702.44
1540013	Transportation Inventory	49,028.99	49,028.99	0.00
1540016	MMS - Truck Stock	4,167.80	4,167.80	0.00
1540023	M&S Inv - Urea In-Transit	342,004.42	801,501.07	(459,496.65)
1581000	SO2 Allowance Inventory	7,719,234.15	7,719,234.15	0.00
1581002	CO2 Allowance Inventory	6,424.41	6,424.41	0.00
1581003	SO2 Allowance Inventory - Curr	1,187,348.38	1,362,483.37	(175,134.99)
1581005	CO2 Allowance Inventory - Curr	5,675.91	1,929.43	3,746.48
1650001	Prepaid Insurance	735,040.48	858,531.38	(123,490.90)
165000207	Prepaid Taxes	0.00	0.00	0.00
165000208	Prepaid Taxes	502,774.24	558,638.04	(55,863.80)
1650004	Prepaid Interest	5,865.41	6,842.97	(977.56)
1650006	Other Prepayments	80,678.68	107,571.57	(26,892.89)
1650009	Prepaid Carry Cost-Factored AR	56,879.52	42,842.50	14,037.02
1650010	Prepaid Pension Benefits	17,299,134.39	17,381,646.72	(82,512.33)
1650014	FAS 158 Qual Contra Asset	(17,299,134.39)	(17,546,767.38)	247,632.99
1650016	FAS 112 ASSETS	415,842.00	415,842.00	0.00
1710048	Interest Receivable -FIT -LT	1,716,000.00	1,716,000.00	0.00
1720000	Rents Receivable	1,206,458.04	893,579.53	312,878.51
1730000	Accrued Utility Revenues	16,100,104.79	16,107,277.90	(7,173.11)
1730002	Acrd Utility Rev-Factored-Assc	(12,450,260.44)	(13,701,435.40)	1,251,174.96
174001107	Non-Highway Fuel Tx Credit-2007	1,038.00	1,038.00	0.00
1750001	Curr. Unreal Gains - NonAffil	13,314,028.42	12,440,424.90	873,603.52

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
1750002	Long-Term Unreal Gns - Non Aff	10,537,968.55	11,125,094.63	(587,126.08)
1750003	Curr. Unrealized Gains Affil	1,998,574.00	2,506,374.00	(507,800.00)
1750004	Long-Term Unreal Gains - Affil	1,676,240.00	2,066,038.00	(389,798.00)
1750009	S/T Option Premium Purchases	0.00	0.00	0.00
1750021	S/T Asset MTM Collateral	(754,708.00)	(851,027.00)	96,319.00
1750022	L/T Asset MTM Collateral	(1,008,833.00)	(1,285,075.00)	276,242.00
1760010	S/T Asset for Commodity Hedges	690,177.00	418,282.00	271,895.00
1760011	L/T Asset for Commodity Hedges	221,447.00	240,145.00	(18,698.00)
1810006	Unamort Debt Exp - Sr Unsec Nt	2,768,122.13	2,790,849.04	(22,726.91)
1823007	SFAS 112 Postemployment Benef	6,880,625.00	6,880,625.00	0.00
1823009	DSM Incentives	789,693.00	782,928.00	6,765.00
1823010	DSM Recovery	(13,270,728.00)	(13,232,377.00)	(38,351.00)
1823011	DSM Lost Revenues	3,400,152.00	3,376,361.00	23,791.00
1823012	DSM Program Costs	9,176,477.00	9,117,643.00	58,834.00
1823022	HRJ 765kV Post Service AFUDC	807,624.00	810,408.00	(2,784.00)
1823054	HRJ 765kV Depreciation Expense	125,863.00	126,297.00	(434.00)
1823063	Unrecovered Fuel Cost	16,601,569.04	12,230,257.93	4,371,311.11
1823077	Unreal Loss on Fwd Commitments	593,291.37	775,542.90	(182,251.53)
1823105	Deferred Merger Cost - AEP/CSW	0.00	0.00	0.00
1823115	Deferred Equity Carrying Chgs	(203,003.65)	(204,872.65)	1,869.00
1823118	BridgeCo TO Funding	361,699.43	363,293.90	(1,594.47)
1823119	PJM Integration Payments	738,221.65	745,960.65	(7,739.00)
1823120	Other PJM Integration	382,134.76	383,819.32	(1,684.56)
1823121	Carry Chgs-RTO Startup Costs	256,972.47	258,771.59	(1,799.12)
1823122	Alliance RTO Deferred Expense	189,309.44	190,143.97	(834.53)
1823165	REG ASSET FAS 158 QUAL PLAN	5,769,409.00	5,895,786.00	(126,377.00)
1823166	REG ASSET FAS 158 OPEB PLAN	7,036,417.00	7,205,262.00	(168,845.00)
1823167	REG Asset FAS 158 SERP Plan	(118,536.00)	(118,454.00)	(82.00)
1823301	SFAS 109 Flow Thru Defd FIT	80,625,710.51	79,534,901.16	1,090,809.35
1823302	SFAS 109 Flow Thru Defrd SIT	28,127,750.00	28,436,221.00	(308,471.00)
1830000	Prelimin Surv&Investgtn Chrgs	20,906,891.71	22,134,011.95	(1,227,120.24)
1840002	Accounts Pay Adj - Clearing	0.00	218.83	(218.83)
1840029	Transp-Assigned Vehicles	0.00	4,431.47	(4,431.47)
186000307	Deferred Property Taxes	1,980,506.00	2,640,672.00	(660,166.00)
1860005	Unidentified Cash Receipts	138.54	287.47	(148.93)
1860007	Billings and Deferred Projects	1,453,602.68	1,173,013.43	280,589.25
1860077	Agency Fees - Factored A/R	727,145.43	795,118.53	(67,973.10)
186008108	Defd Property Tax - Cap Leases	8,793.00	11,718.00	(2,925.00)
1860094	Labor Accruals - Bal Sheet	495,906.09	378,494.39	117,411.70
1860153	Unamortized Credit Line Fees	168,043.99	172,937.34	(4,893.35)
1860160	Deferred Expenses - Current	1,028.80	290.48	738.32
1890004	Loss Rec Debt-Debentures	813,173.95	815,978.00	(2,804.05)
1900006	ADIT Federal - SFAS 133 Nonaff	225,301.00	281,302.00	(56,001.00)
1900015	ADIT-Fed-Hdg-CF-Int Rate	290,100.54	292,811.76	(2,711.22)
1901001	Accum Deferred FIT - Other	30,193,030.78	28,799,260.71	1,393,770.07
1902001	Accum Defd FIT - Oth Inc & Ded	125,949.89	116,847.09	9,102.80

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
1903001	Acc Dfd FIT - FAS109 Flow Thru	11,314,324.82	11,462,089.50	(147,764.68)
1904001	Accum Dfd FIT - FAS 109 Excess	525,200.31	532,848.07	(7,647.76)
	TOTAL ASSETS AND OTHER DEBITS	1,399,821,666.18	1,397,140,753.03	2,680,913.15
2010001	Common Stock Issued-Affiliated	(50,450,000.00)	(50,450,000.00)	0.00
2080000	Donations Recvd from Stckhldrs	(208,750,000.00)	(208,750,000.00)	0.00
2160001	Unapprp Retnd Erngs-Unrstrictd	(128,583,535.72)	(128,583,535.72)	0.00
2190010	OCI for Commodity Hedges	(163,963.39)	60,244.00	(224,207.39)
2190015	Accum OCI-Hdg-CF-Int Rate	538,758.91	543,794.04	(5,035.13)
2230000	Advances from Associated Co	(20,000,000.00)	(20,000,000.00)	0.00
2240006	Senior Unsecured Notes	(400,000,000.00)	(400,000,000.00)	0.00
2260006	Unam Disc LTD-Dr-Sr Unsec Note	1,488,193.76	1,503,650.02	(15,456.26)
4380001	Div Declrd - Common Stk - Asso	7,500,000.00	7,500,000.00	0.00
4390000	Adj to Retained Earnings	365,767.89	365,767.89	0.00
	TOTAL CAPITALIZATION	(798,054,778.55)	(797,810,079.77)	(244,698.78)
2240506	Senior Unsecured Notes-Current	(30,000,000.00)	(30,000,000.00)	0.00
2270001	Obligatns Undr Cap Lse-Noncurr	(999,933.92)	(1,029,625.15)	29,691.23
2270003	Accrued Noncur Lease Oblig	0.00	0.00	0.00
2282003	Accm Prv I/D - Worker's Com	(50,715.03)	(49,923.84)	(791.19)
2283000	Accm Prv for Pensions&Benefits	(124,362.18)	(123,925.26)	(436.92)
2283002	Supplemental Savings Plan	(490,781.43)	(508,059.21)	17,277.78
2283003	SFAS 106 Post Retirement Benef	(4,145,882.18)	(4,070,742.77)	(75,139.41)
2283005	SFAS 112 Postemployment Benef	(6,095,010.00)	(6,095,010.00)	0.00
2283007	Perf Share Incentive Plan	(835,768.31)	(961,336.53)	125,568.22
2283013	Incentive Comp Deferral Plan	(10,900.84)	(12,455.54)	1,554.70
2283015	FAS 158 SERP Payable Long Term	118,536.00	118,454.00	82.00
2283017	FAS 158 OPEB Payable Long Term	(7,036,417.00)	(7,205,262.00)	168,845.00
2283018	SFAS 106 Med Part-D	4,122,894.73	4,042,526.82	80,367.91
2300001	Asset Retirement Obligations	(576,758.75)	(823,497.50)	246,738.75
2320001	Accounts Payable - Regular	(10,490,146.59)	(7,276,346.54)	(3,213,800.05)
2320002	Unvouchered Invoices	(9,779,811.55)	(10,047,668.95)	267,857.40
2320003	Retention	(1,368,654.19)	(1,309,391.90)	(59,262.29)
2320011	Uninvoiced Fuel	(17,507,081.34)	(17,485,274.61)	(21,806.73)
2320050	Coal Trading	(708,239.39)	(811,265.38)	103,025.99
2320052	Accounts Payable - Purch Power	(5,215,098.37)	(3,722,544.68)	(1,492,553.69)
2320053	Elect Trad-Options&Swaps-MLR	(1,067,073.24)	(2,012,600.05)	945,526.81
2320054	Emission Allowance Trading	(123.30)	0.00	(123.30)
2320056	Gas Physicals	(259,472.12)	(19,832.24)	(239,639.88)
2320062	Broker Fees Payable	(5,768.78)	(4,351.59)	(1,417.19)
2320071	Gas Accruals GDA Trans-Payable	0.00	(5,008.77)	5,008.77
2320073	A/P Misc Dedic. Power	(17,779.50)	(9,340.50)	(8,439.00)
2320076	Corporate Credit Card Liab	(162,367.82)	(129,464.75)	(32,903.07)
2320077	INDUS Unvouchered Liabilities	(929,334.38)	(865,557.91)	(63,776.47)
2320079	Broker Commisn Spark/Merch Gen	(30.06)	(80.63)	50.57
2320086	Accrued Broker - Power	0.01	(854,998.24)	854,998.25
2330000	Corp Borrow Program (NP-Assoc)	(65,092,479.91)	(45,262,700.90)	(19,829,779.01)
2340001	A/P Assoc Co - InterUnit G/L	(13,124,622.41)	(15,570,569.15)	2,445,946.74

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
2340011	A/P-Assc Co-AEPSC-Agent	(1,869,738.00)	(7,481,745.00)	5,612,007.00
2340025	A/P Assoc Co - CM Bills	(53,280.26)	(20,487.49)	(32,792.77)
2340027	A/P Assoc Co - Intercompany	(381,542.64)	(288,193.20)	(93,349.44)
2340029	A/P Assoc Co - AEPSC Bills	(3,533,036.15)	(3,900,840.49)	367,804.34
2340030	A/P Assoc Co - InterUnit A/P	(1,169.33)	(4,068.73)	2,899.40
2340032	A/P Assoc Co - Multi Pmts	(1,497.94)	0.00	(1,497.94)
2340034	A/P Assoc Co - System Sales	(62,250.96)	(17,867.75)	(44,383.21)
2340035	Fleet - M4 - A/P	(25,464.60)	(41,991.32)	16,526.72
2340037	A/P Assoc-Global Borrowing Int	(350,000.00)	(262,500.00)	(87,500.00)
2340049	A/P Assoc -Realization Sharing	0.00	(5,824.00)	5,824.00
2350001	Customer Deposits-Active	(15,247,023.34)	(15,156,983.43)	(90,039.91)
2350003	Deposits - Trading Activity	(2,233,553.94)	(3,245,359.45)	1,011,805.51
2350005	Deposits - Trading Contra	1,763,541.00	2,136,102.00	(372,561.00)
2360001	Federal Income Tax	(5,933,774.16)	(3,989,902.74)	(1,943,871.42)
236000200	State Income Taxes	37,246.00	42,254.00	(5,008.00)
236000207	State Income Taxes	(38,691.00)	(38,691.00)	0.00
236000208	State Income Taxes	(713,784.04)	(945,659.05)	231,875.01
2360004	FICA	(74,891.62)	(156,886.43)	81,994.81
2360005	Federal Unemployment Tax	(793.24)	(686.66)	(106.58)
2360006	State Unemployment Tax	(663.04)	(592.03)	(71.01)
236000700	State Sales and Use Taxes	(1,531,070.10)	(1,531,070.10)	0.00
236000707	State Sales and Use Taxes	0.00	0.00	0.00
236000708	State Sales and Use Taxes	41,079.62	114,407.14	(73,327.52)
236000805	Real & Personal Property Taxes	0.00	0.00	0.00
236000806	Real & Personal Property Taxes	(172,018.77)	(618,206.27)	446,187.50
236000807	Real & Personal Property Taxes	(7,922,000.00)	(7,920,974.82)	(1,025.18)
236001207	State Franchise Taxes	41,232.00	41,232.00	0.00
236001208	State Franchise Taxes	(77,800.00)	(64,700.00)	(13,100.00)
236001607	State Gross Receipts Tax	0.00	0.00	0.00
236001608	State Gross Receipts Tax	(30,000.00)	(20,000.00)	(10,000.00)
236003306	Pers Prop Tax-Cap Leases	0.00	0.00	0.00
236003307	Pers Prop Tax-Cap Leases	(14,513.72)	(13,861.90)	(651.82)
236003308	Pers Prop Tax-Cap Leases	(35,118.00)	(35,118.00)	0.00
236003507	Real Prop Tax-Cap Leases	1,018.93	1,018.93	0.00
236003508	Real Prop Tax-Cap Leases	(9,018.00)	(8,016.00)	(1,002.00)
2360037	FICA - Incentive accrual	(138,337.38)	(121,589.51)	(16,747.87)
2360601	Fed Inc Tax-Long Term FIN48	(2,186,488.00)	(2,186,488.00)	0.00
2360602	State Inc Tax-Long Term FIN48	(1,058,574.00)	(912,107.37)	(146,466.63)
2360701	SEC Accum Defd FIT-Util FIN 48	1,812,408.00	1,812,408.00	0.00
2360702	SEC Accum Defd SIT - FIN 48	248,717.00	115,000.00	133,717.00
2370006	Interest Accrd-Sen Unsec Notes	(3,240,416.66)	(10,852,604.16)	7,612,187.50
2370007	Interest Accrd-Customer Depsts	(616,634.26)	(549,929.32)	(66,704.94)
2370016	Interest Accrued - Tax	0.00	0.00	0.00
2370018	Accrued Margin Interest	(7,577.80)	(9,134.19)	1,556.39
2370048	Acrd Int.- FIT Reserve - LT	(409,894.00)	(409,894.00)	0.00
2370348	Acrd Int. - SIT Reserve - LT	(43,004.00)	(314,478.86)	271,474.86

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
2410001	Federal Income Tax Withheld	0.00	(197,244.12)	197,244.12
2410002	State Income Tax Withheld	(82,999.41)	(88,364.36)	5,364.95
2410003	Local Income Tax Withheld	(23,932.84)	(17,058.31)	(6,874.53)
2410004	State Sales Tax Collected	(269,677.07)	(326,835.49)	57,158.42
2410005	FICA Tax Withheld	0.00	(104,590.96)	104,590.96
2410006	School District Tax Withheld	(721,303.25)	(811,478.30)	90,175.05
2410008	Franchise Fee Collected	(151,747.27)	(117,875.80)	(33,871.47)
2420000	Misc Current & Accrued Liab	(11,690.00)	(11,690.00)	0.00
2420002	P/R Ded - Medical Insurance	(82,959.47)	(82,798.63)	(160.84)
2420003	P/R Ded - Dental Insurance	(8,477.83)	(8,446.19)	(31.64)
2420007	P/R Ded - Savings Plan	0.00	0.00	0.00
2420020	Vacation Pay - This Year	(1,424,275.11)	(1,596,215.16)	171,940.05
2420021	Vacation Pay - Next Year	(1,850,657.87)	(1,666,042.58)	(184,615.29)
2420027	FAS 112 CURRENT LIAB	(1,201,453.00)	(1,201,453.00)	0.00
2420028	ESP - Employer Contrib Accrued	0.00	0.00	0.00
2420044	P/R Withholdings	(27,570.47)	(25,708.33)	(1,862.14)
2420051	Non-Productive Payroll	(255,050.28)	(262,656.37)	7,606.09
2420053	Perf Share Incentive Plan	(128,668.26)	0.00	(128,668.26)
2420071	P/R Ded - Vision Plan	(4,149.12)	(4,169.83)	20.71
2420076	P/R Savings Plan - Incentive	(74,728.71)	(65,552.25)	(9,176.46)
2420504	Accrued Lease Expense	(4,815.45)	(7,513.24)	2,697.79
2420511	Control Cash Disburse Account	(571,776.99)	(4,392,269.99)	3,820,493.00
2420512	Unclaimed Funds	(28,159.78)	(29,812.58)	1,652.80
2420514	Revenue Refunds Accrued	(1,998,343.71)	(1,998,343.71)	0.00
2420532	Adm Liab-Cur-S/Ins-W/C	(1,459,588.23)	(1,461,923.24)	2,335.01
2420542	Acc Cash Franchise Req	(72,361.04)	(58,095.22)	(14,265.82)
2420558	Admitted Liab NC-Self/Ins-W/C	(842,109.18)	(850,784.32)	8,675.14
242059207	Sales & Use Tax - Leased Equ	0.00	0.00	0.00
242059208	Sales & Use Tax - Leased Equ	(2,192.52)	(2,160.20)	(32.32)
2420618	Accrued Payroll	(826,684.73)	(576,870.36)	(249,814.37)
2420623	Energy Delivery Incentive Plan	(986,245.23)	(866,504.98)	(119,740.25)
2420624	Corp & Shrd Srv Incentive Plan	(120,556.84)	(106,016.84)	(14,540.00)
2420635	Fossil and Hydro Gen ICP	(555,217.90)	(487,197.90)	(68,020.00)
2420643	Accrued Audit Fees	(169,167.10)	(135,704.10)	(33,463.00)
2420656	Federal Mitigation Accru (NSR)	(681,444.40)	0.00	(681,444.40)
2420657	Civil Penalties Accrual NSR	0.00	0.00	0.00
2420658	Accrued Prof. Tax Services	(9,448.56)	(9,448.56)	0.00
2420660	AEP Transmission ICP	(195,008.11)	(171,428.11)	(23,580.00)
2420661	COO Other ICP	(15,888.17)	(14,108.17)	(1,780.00)
2420664	ST State Mitigation Def (NSR)	(325,920.00)	(325,920.00)	0.00
2430001	Oblig Under Cap Leases - Curr	(880,467.33)	(889,847.68)	9,380.35
2430003	Accrued Cur Lease Oblig	0.00	0.00	0.00
2440001	Curr. Unreal Losses - NonAffil	(13,362,301.27)	(15,807,939.93)	2,445,638.66
2440002	LT Unreal Losses - Non Affil	(6,841,586.57)	(7,960,173.45)	1,118,586.88
2440003	Curr. Unreal Losses - Affil	0.00	1.00	(1.00)
2440004	LT Unreal Losses - Affil	0.00	0.00	0.00

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
2440009	S/T Option Premium Receipts	(19,193.34)	(25,591.12)	6,397.78
2440021	S/T Liability MTM Collateral	104,732.00	1,106,834.00	(1,002,102.00)
2440022	L/T Liability MTM Collateral	10,789.00	85,124.00	(74,335.00)
2450010	S/T Liability-Commodity Hedges	(640,680.09)	(810,815.00)	170,134.91
2450011	L/T Liability-Commodity Hedges	0.00	0.00	0.00
2520000	Customer Adv for Construction	(66,746.53)	(66,672.81)	(73.72)
2530004	Allowances	(5,137.50)	0.00	(5,137.50)
2530022	Customer Advance Receipts	(671,989.43)	(552,318.88)	(119,670.55)
2530050	Deferred Rev -Pole Attachments	(205,257.67)	(258,055.61)	52,797.94
2530067	IPP - System Upgrade Credits	(225,391.83)	(224,404.45)	(987.38)
2530092	Fbr Opt Lns-In Kind Sv-Dfd Gns	(180,018.21)	(180,267.21)	249.00
2530101	MACSS Unidentified EDI Cash	0.00	0.00	0.00
2530112	Other Deferred Credits-Curr	(218,200.00)	0.00	(218,200.00)
2530113	State Mitigation Deferral (NSR)	(1,303,680.00)	(1,303,680.00)	0.00
2530114	Federal Mitigation Deferral(NSR)	(1,627,155.60)	(2,308,600.00)	681,444.40
2530137	Fbr Opt Lns-Sold-Defd Rev	(174,341.57)	(175,471.22)	1,129.65
2530148	Accrued Penalties-Tax Reserves	(333,340.00)	(333,340.00)	0.00
254001101	Over Recovered Fuel Cost	0.00	(390,156.00)	390,156.00
2540047	Unreal Gain on Fwd Commitments	(8,778,132.53)	(5,875,311.15)	(2,902,821.38)
2540105	Home Energy Assist Prgm - KPCO	(30,967.80)	(92,187.38)	61,219.58
2543001	SFAS109 Flow Thru Def FIT Liab	(1,469,612.32)	(1,509,412.17)	39,799.85
2544001	SFAS 109 Exces Deferred FIT	(1,500,572.31)	(1,522,423.07)	21,850.76
2550001	Accum Deferred ITC - Federal	(2,729,280.00)	(2,803,194.00)	73,914.00
2811001	Acc Dfd FIT - Accel Amort Prop	(32,581,763.90)	(32,512,463.90)	(69,300.00)
2821001	Accum Defd FIT - Utility Prop	(124,648,758.30)	(123,796,102.88)	(852,655.42)
2823001	Acc Dfrd FIT FAS 109 Flow Thru	(52,406,711.76)	(51,697,685.68)	(709,026.08)
2824001	Acc Dfrd FIT - SFAS 109 Excess	975,372.00	989,575.00	(14,203.00)
2830006	ADIT Federal - SFAS 133 Nonaff	(313,589.52)	(248,863.00)	(64,726.52)
2831001	Accum Deferred FIT - Other	(23,216,480.32)	(24,961,198.35)	1,744,718.03
2832001	Accum Dfrd FIT - Oth Inc & Ded	(1,603,662.02)	(1,689,535.57)	85,873.55
2833001	Acc Dfd FIT FAS 109 Flow Thru	(38,063,711.25)	(37,789,892.81)	(273,818.44)
2833002	Acc Dfrd SIT FAS 109 Flow Thru	(28,127,750.00)	(28,436,221.00)	308,471.00
	LIABILITIES AND OTHER CREDITS	(572,241,412.13)	(569,092,454.50)	(3,148,957.63)
4030001	Depreciation Exp	32,470,961.78	28,806,045.35	3,664,916.43
4031002	Depr Exp - Removal Cost	0.00	0.00	0.00
4040001	Amort. of Plant	2,863,608.77	2,540,078.66	323,530.11
4060001	Amort of Plt Acq Adj	28,962.00	25,744.00	3,218.00
4073000	Regulatory Debits	531,646.39	505,686.83	25,959.56
4081002	FICA	2,224,162.67	1,979,677.45	244,485.22
4081003	Federal Unemployment Tax	15,915.06	15,808.48	106.58
408100504	Real & Personal Property Taxes	0.00	0.00	0.00
408100505	Real & Personal Property Taxes	119,801.55	119,801.55	0.00
408100506	Real & Personal Property Taxes	(1,500,000.00)	(1,500,000.00)	0.00
408100507	Real & Personal Property Taxes	5,942,519.18	5,281,328.00	661,191.18
408100606	State Gross Receipts Tax	0.00	0.00	0.00
408100607	State Gross Receipts Tax	(25,603.00)	(25,603.00)	0.00

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
408100608	State Gross Receipts Tax	95,976.00	85,976.00	10,000.00
4081007	State Unemployment Tax	14,912.97	14,825.97	87.00
408100806	State Franchise Taxes	0.00	0.00	0.00
408100807	State Franchise Taxes	0.00	0.00	0.00
408100808	State Franchise Taxes	117,900.00	104,800.00	13,100.00
408101406	Federal Excise Taxes	0.00	0.00	0.00
408101407	Federal Excise Taxes	0.00	0.00	0.00
408101408	Federal Excise Taxes	320.00	320.00	0.00
408101707	St Lic/Rgstrtion Tax/Fees	0.00	0.00	0.00
408101708	St Lic/Rgstrtion Tax/Fees	40.00	40.00	0.00
408101806	St Publ Serv Comm Tax/Fees	0.00	0.00	0.00
408101807	St Publ Serv Comm Tax/Fees	339,379.22	339,379.22	0.00
408101808	St Publ Serv Comm Tax/Fees	167,591.40	111,727.60	55,863.80
408101900	State Sales and Use Taxes	325,000.00	325,000.00	0.00
408101906	State Sales and Use Taxes	0.00	0.00	0.00
408101907	State Sales and Use Taxes	2,404.51	2,404.51	0.00
408101908	State Sales and Use Taxes	19,372.79	17,293.55	2,079.24
408102207	Municipal License Fees	0.00	0.00	0.00
408102208	Municipal License Fees	100.00	100.00	0.00
408102906	Real/Pers Prop Tax-Cap Leases	(593.90)	(593.90)	0.00
408102907	Real/Pers Prop Tax-Cap Leases	1,530.21	0.00	1,530.21
408102908	Real/Pers Prop Tax-Cap Leases	26,325.00	23,400.00	2,925.00
4081033	Fringe Benefit Loading - FICA	(860,641.98)	(757,614.18)	(103,027.80)
4081034	Fringe Benefit Loading - FUT	(8,772.31)	(7,789.85)	(982.46)
4081035	Fringe Benefit Loading - SUT	(8,142.06)	(7,159.61)	(982.45)
408103606	Real Prop Tax-Cap Leases	0.00	0.00	0.00
408103607	Real Prop Tax-Cap Leases	0.00	0.00	0.00
408103608	Real Prop Tax-Cap Leases	9,018.00	8,016.00	1,002.00
4091001	Income Taxes, UOI - Federal	4,467,898.99	3,839,417.29	628,481.70
409100200	Income Taxes, UOI - State	(588.00)	(5,596.00)	5,008.00
409100205	Income Taxes, UOI - State	0.00	0.00	0.00
409100206	Income Taxes, UOI - State	0.00	0.00	0.00
409100207	Income Taxes, UOI - State	0.00	0.00	0.00
409100208	Income Taxes, UOI - State	1,555,357.96	1,374,926.14	180,431.82
4092001	Inc Tax, Oth Inc&Ded-Federal	726,233.86	654,844.14	71,389.72
409200208	Inc Tax, Oth Inc & Ded - State	106,232.71	95,789.91	10,442.80
4101001	Prov Def I/T Util Op Inc-Fed	37,956,936.90	34,343,282.59	3,613,654.31
4102001	Prov Def I/T Oth I&D - Federal	406,824.60	406,170.45	654.15
4111001	Prv Def I/T-Cr Util Op Inc-Fed	(32,077,259.24)	(26,247,072.25)	(5,830,186.99)
4112001	Prv Def I/T-Cr Oth I&D-Fed	(577,518.90)	(481,888.40)	(95,630.50)
4114001	ITC Adj, Utility Oper - Fed	(665,226.00)	(591,312.00)	(73,914.00)
4115001	ITC Adj, Non-Util Oper - Fed	0.00	0.00	0.00
4116000	Gain From Disposition of Plant	(1,396.00)	(1,241.00)	(155.00)
4118000	Gain Disposition of Allowances	(49.94)	0.00	(49.94)
4118002	Comp. Allow. Gains SO2	(277,912.07)	(277,912.07)	0.00
4119000	Loss Disposition of Allowances	0.00	0.00	0.00

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
4180001	Non-Operatng Rental Income	(39,000.00)	(34,775.00)	(4,225.00)
4180005	Non-Opratng Rntal Inc-Depr	5,002.29	4,446.48	555.81
4190002	Int & Dividend Inc - Nonassoc	(1,919,488.59)	(1,912,844.33)	(6,644.26)
4190005	Interest Income - Assoc CBP	(7.68)	(7.68)	0.00
4191000	Allw Oth Fnds Usd Drng Cnstr	(927,671.42)	(842,612.89)	(85,058.53)
4210002	Misc Non-Op Inc-NonAsc-Rents	(32,563.45)	(32,343.45)	(220.00)
4210005	Misc Non-Op Inc-NonAsc-Timber	(63,902.39)	(52,482.74)	(11,419.65)
4210006	Misc Non-Op Inc-NonAsc - Allow	0.00	0.00	0.00
4210007	Misc Non-Op Inc - NonAsc - Oth	(19,082.81)	(16,975.83)	(2,106.98)
4210009	Misc Non-Op Exp - NonAssoc	46.34	46.34	0.00
4210013	Int Rate Hedge Unrealized Gain	0.00	0.00	0.00
4210017	MTM Power Trading Gain/Losses	0.00	0.00	0.00
4210021	MTM Credit Reserve (B/L)	(37.10)	(37.10)	0.00
4210025	B/L MTM Assignments	(2,579,127.00)	(1,451,988.00)	(1,127,139.00)
4210026	B/L Affl MTM Assign	1,998,208.00	906,212.00	1,091,996.00
4210027	Realized Financial Assignments	4,221,347.12	3,854,788.18	366,558.94
4210028	Realized Affil Financial Assgn	(3,640,428.12)	(3,309,012.18)	(331,415.94)
4210031	Pwr Sales Outside Svc Territory	(4,370,566.28)	(3,785,538.18)	(585,028.10)
4210032	Pwr Purch Outside Svc Territory	3,635,220.00	3,103,282.62	531,937.38
4210033	Mark to Mkt Out Svc Territory	491,802.58	224,285.59	267,516.99
4210035	Gn/Ls MTM Emissions - Forwards	681.55	480.61	200.94
4210036	Gn/Ls MTM Emissions - Realized	0.00	0.00	0.00
4210038	Speculative Realized SO2	(2,648.18)	(2,660.71)	12.53
4210039	Carrying Charges	(130,604.04)	(116,427.16)	(14,176.88)
4210043	Realiz Sharing West Coast Pwr	15,357.00	12,278.00	3,079.00
4210045	UnReal Aff Fin Assign SNWA	(343,327.00)	(148,930.00)	(194,397.00)
4210046	Real Aff Fin Assign SNWA	436,151.90	403,941.12	32,210.78
4210049	Interest Rate Swaps-BTL Power	71.19	21.72	49.47
4210053	Specul. Allow. Gains-SO2	(3,901.63)	(3,901.63)	0.00
4210056	Specul. Allow. Gains-CO2	(8,591.77)	(8,506.55)	(85.22)
4212000	Loss on Dspstion of Property	176,780.03	176,780.03	0.00
4261000	Donations	152,474.69	142,388.54	10,086.15
4263001	Penalties	76.97	76.97	0.00
4263004	NSR Settlement Penalties	(74,948.00)	(73,564.00)	(1,384.00)
4264000	Civic & Political Activities	178,404.38	165,070.93	13,333.45
4265002	Other Deductions - Nonassoc	9,946.34	9,633.50	312.84
4265003	Special Allowance Losses	0.00	0.00	0.00
4265004	Social & Service Club Dues	71,655.77	69,027.59	2,628.18
4265007	Regulatory Expenses	67.81	67.81	0.00
4265009	Factored Cust A/R Exp - Affil	1,446,083.98	1,335,574.10	110,509.88
4265010	Fact Cust A/R-Bad Debts-Affil	935,750.21	843,246.13	92,504.08
4265011	Int Rate Hedge Unreal Losses	0.00	0.00	0.00
4265053	Specul. Allow Loss-SO2	17,950.30	13,833.38	4,116.92
4265056	Specul. Allow Loss-CO2	2,987.66	515.87	2,471.79
4270006	Int on LTD - Sen Unsec Notes	19,310,029.54	17,164,470.69	2,145,558.85
4280006	Amrtz Dscnt&Exp-Sn Unsec Note	341,079.04	302,895.87	38,183.17

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
4281001	Amrtz Loss Rquired Debt-FMB	0.00	0.00	0.00
4281004	Amrtz Loss Rquired Debt-Dbnt	25,236.48	22,432.43	2,804.05
4300001	Interest Exp - Assoc Non-CBP	787,500.00	700,000.00	87,500.00
4300003	Int to Assoc Co - CBP	956,079.17	787,238.09	168,841.08
4310001	Other Interest Expense	269,962.46	536,074.25	(266,111.79)
4310002	Interest on Customer Deposits	662,368.29	587,322.68	75,045.61
4310007	Lines Of Credit	159,744.34	121,087.42	38,656.92
4320000	Allw Brwed Fnds Used Cnstr-Cr	(1,103,582.62)	(981,582.99)	(121,999.63)
4400001	Residential Sales-W/Space Htg	(59,354,742.28)	(54,676,426.51)	(4,678,315.77)
4400002	Residential Sales-W/O Space Ht	(30,668,793.95)	(27,762,710.99)	(2,906,082.96)
4400005	Residential Fuel Rev	(41,923,895.00)	(37,396,834.75)	(4,527,060.25)
4420001	Commercial Sales	(41,336,912.46)	(37,214,417.65)	(4,122,494.81)
4420002	Industrial Sales (Excl Mines)	(36,120,532.63)	(31,951,725.58)	(4,168,807.05)
4420004	Ind Sales-NonAffil(Incl Mines)	(25,958,331.41)	(23,321,565.12)	(2,636,766.29)
4420006	Sales to Pub Auth - Schools	(7,039,964.28)	(6,198,023.81)	(841,940.47)
4420007	Sales to Pub Auth - Ex Schools	(6,767,509.54)	(6,091,208.10)	(676,301.44)
4420013	Commercial Fuel Rev	(25,416,441.58)	(22,123,383.49)	(3,293,058.09)
4420016	Industrial Fuel Rev	(57,305,132.17)	(51,146,393.28)	(6,158,738.89)
4440000	Public Street/Highway Lighting	(756,989.13)	(685,407.28)	(71,581.85)
4440002	Public St & Hwy Light Fuel Rev	(160,561.58)	(144,487.37)	(16,074.21)
4470001	Sales for Resale - Assoc Cos	(1,593,989.33)	(1,586,458.43)	(7,530.90)
4470002	Sales for Resale - NonAssoc	(24,112,586.06)	(21,857,679.51)	(2,254,906.55)
4470004	Sales for Resale-Nonaff-Ancill	(19,621.13)	(17,290.15)	(2,330.98)
4470005	Sales for Resale-Nonaff-Transm	(556,191.08)	(492,887.63)	(63,303.45)
4470006	Sales for Resale-Bookout Sales	(105,192,316.96)	(94,977,175.92)	(10,215,141.04)
4470007	Sales for Resale-Option Sales	0.00	0.00	0.00
4470010	Sales for Resale-Bookout Purch	99,450,416.68	89,708,235.66	9,742,181.02
4470011	Sales for Resale-Option Purch	0.00	0.00	0.00
4470026	Sale for Resl - Real from East	0.00	0.00	0.00
4470027	Whsal/Muni/Pb Ath Fuel Rev	(1,695,768.70)	(1,452,673.12)	(243,095.58)
4470028	Sale/Resale - NA - Fuel Rev	(22,398,099.56)	(19,916,313.22)	(2,481,786.34)
4470033	Whsal/Muni/Pub Auth Base Rev	(1,809,821.99)	(1,626,255.45)	(183,566.54)
4470035	SlS for Rsl - Fuel Rev - Assoc	(1,860,318.90)	(1,814,565.79)	(45,753.11)
4470064	Purch Pwr PhysTrad - Non Assoc	8,110,758.14	7,020,475.95	1,090,282.19
4470066	PWR Trding Trans Exp-NonAssoc	80,456.36	64,558.47	15,897.89
4470081	Financial Spark Gas - Realized	1,496,578.93	1,236,754.48	259,824.45
4470082	Financial Electric Realized	2,030,942.26	1,471,969.90	558,972.36
4470089	PJM Energy Sales Margin	(27,300,091.20)	(25,660,771.06)	(1,639,320.14)
4470091	PJM Explicit Congestion OSS	369,068.29	356,742.62	12,325.67
4470092	PJM Implicit Congestion-OSS	0.00	0.00	0.00
4470093	PJM Implicit Congestion-LSE	6,176,946.19	5,559,216.16	617,730.03
4470094	PJM Transm. Loss - OSS	0.00	0.00	0.00
4470095	PJM Ancillary Serv.-Reg	0.00	0.00	0.00
4470098	PJM Oper.Reserve Rev-OSS	(395,206.36)	(266,714.71)	(128,491.65)
4470099	Capacity Cr. Net Sales	(1,855,719.53)	(1,648,015.15)	(207,704.38)
4470100	PJM FTR Revenue-OSS	(4,597,579.12)	(4,037,249.04)	(560,330.08)

KYP CORP CONSOLIDATED				
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For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
4470101	PJM FTR Revenue-LSE	(5,617,235.87)	(5,023,380.40)	(593,855.47)
4470103	PJM Energy Sales Cost	(53,381,982.47)	(47,403,382.16)	(5,978,600.31)
4470106	PJM Pt2Pt Trans.Purch-NonAff.	17,389.88	19,614.54	(2,224.66)
4470107	PJM NITS Purch-NonAff.	(162,821.31)	(162,819.98)	(1.33)
4470109	PJM FTR Revenue-Spec	(680,056.54)	(726,910.56)	46,854.02
4470110	PJM TO Admin. Exp.-NonAff.	39,513.97	38,097.51	1,416.46
4470112	Non-Trading Bookout Sales-OSS	(14,900,283.95)	(12,729,096.26)	(2,171,187.69)
4470114	PJM Transm. Loss - LSE	0.00	0.00	0.00
4470115	PJM Meter Corrections-OSS	(256,983.55)	(219,711.70)	(37,271.85)
4470116	PJM Meter Corrections-LSE	(12,241.77)	(10,091.58)	(2,150.19)
4470117	Realiz. Sharing-447 Optim	0.00	0.00	0.00
4470118	Realiz. Sharing-PJM OSS	0.00	0.00	0.00
4470124	PJM Incremental Spot-OSS	76,435.52	14,460.39	61,975.13
4470125	PJM Incremental Exp Cong-OSS	(4,950.75)	18,010.20	(22,960.95)
4470126	PJM Incremental Imp Cong-OSS	12,168,481.33	11,435,286.02	733,195.31
4470128	Sales for Res-Aff. Pool Energy	(51,044,316.01)	(42,248,129.01)	(8,796,187.00)
4470131	Non-Trading Bookout Purch-OSS	2,295,258.72	1,244,008.97	1,051,249.75
4470141	PJM Contract Net Charge Credit	12.79	12.92	(0.13)
4470143	Financial Hedge Realized	1,465,767.99	1,731,871.61	(266,103.62)
4470144	Realiz. Sharing - 06 SIA	(10,687.00)	(4,118.00)	(6,569.00)
4470150	Transm. Rev.-Dedic. Whlsl/Muni	(376,584.87)	(334,632.79)	(41,952.08)
4470155	OSS Physical Margin Reclass	323,859.42	(287,806.29)	611,665.71
4470156	OSS Optim. Margin Reclass	(323,859.42)	287,806.29	(611,665.71)
4470166	Marginal Explicit Losses	221,115.10	213,514.57	7,600.53
4470167	MISO FTR Revenues OSS	(32,357.42)	(30,115.60)	(2,241.82)
4470168	Interest Rate Swaps-Power	593.95	184.42	409.53
4470169	Capacity Sales Trading	(64,086.20)	(78,074.11)	13,987.91
4470202	PJM OpRes-LSE-Credit	(258,216.67)	(218,975.87)	(39,240.80)
4470203	PJM OpRes-LSE-Charge	1,854,603.30	1,678,310.52	176,292.78
4470204	PJM Spinning-Credit	819.46	0.00	819.46
4470205	PJM Spinning-Charge	0.00	0.00	0.00
4470206	PJM Trans loss credits-OSS	(3,988,212.61)	(3,642,882.86)	(345,329.75)
4470207	PJM transm loss charges - LSE	20,027,391.56	18,263,459.79	1,763,931.77
4470208	PJM Transm loss credits-LSE	(9,392,305.31)	(8,560,366.92)	(831,938.39)
4470209	PJM transm loss charges-OSS	8,973,884.32	8,228,931.29	744,953.03
4470210	PJM ML OSS 3 Pct Rev	(10,706,434.67)	(9,688,553.28)	(1,017,881.39)
4470211	PJM ML OSS 3 Pct Fuel	3,867,706.14	3,392,290.67	475,415.47
4470212	PJM ML OSS 3 Pct NonFuel	603,419.01	538,853.83	64,565.18
4470214	PJM 30m Suppl Reserve CR OSS	(34,214.36)	0.00	(34,214.36)
4470216	PJM Explicit Loss not in ECR	362,762.28	310,413.35	52,348.93
4500000	Forfeited Discounts	(1,277,547.14)	(1,138,032.17)	(139,514.97)
4510001	Misc Service Rev - Nonaffil	(355,872.77)	(318,693.22)	(37,179.55)
4540001	Rent From Elect Property - Af	(191,174.40)	(169,932.80)	(21,241.60)
4540002	Rent From Elect Property-NAC	(9,504,631.47)	(9,026,329.43)	(478,302.04)
4540004	Rent From Elect Prop-ABD-Nonaf	(53,340.61)	(41,032.25)	(12,308.36)
4560007	Oth Elect Rev - DSM Program	(716,339.54)	(660,699.04)	(55,640.50)

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
4560012	Oth Elect Rev - Nonaffiliated	(73,981.89)	(73,981.89)	0.00
4560013	Oth Elect Rev-Trans-Nonaffil	0.00	(47,076.00)	47,076.00
4560015	Other Electric Revenues - ABD	(303,573.39)	(273,169.53)	(30,403.86)
4560041	Miscellaneous Revenue-NonAffil	(4.92)	(5.89)	0.97
4560049	Merch Generation Finan -Realzd	(15,807.97)	(15,448.59)	(359.38)
4560050	Oth Elec Rev-Coal Trd Rlzd G-L	110,937.54	56,777.89	54,159.65
4560058	PJM NITS Revenue-NonAff.	0.00	0.00	0.00
4560062	PJM TO Admin. Rev.-NonAff.	0.00	0.00	0.00
4560064	Buckeye Admin. Fee Revenue	0.00	0.00	0.00
4560068	SECA Transmission Revenue	0.00	0.00	0.00
4560109	Interest Rate Swaps-Coal	3.43	(11.49)	14.92
4561002	RTO Formation Cost Recovery	(12,206.27)	(10,867.67)	(1,338.60)
4561003	PJM Expansion Cost Recov	(58,939.79)	(52,402.10)	(6,537.69)
4561005	PJM Point to Point Trans Svc	(921,660.91)	(806,343.99)	(115,316.92)
4561006	PJM Trans Owner Admin Rev	(165,635.52)	(144,880.81)	(20,754.71)
4561007	PJM Network Integ Trans Svc	(2,671,017.62)	(2,375,501.46)	(295,516.16)
4561019	Oth Elec Rev Trans Non Affil	(51,516.00)	0.00	(51,516.00)
5000000	Oper Supervision & Engineering	4,058,899.85	3,586,843.11	472,056.74
5000001	Oper Super & Eng-RATA-Affil	16,321.82	16,321.82	0.00
5010000	Fuel	237,801.21	215,490.88	22,310.33
5010001	Fuel Consumed	119,065,431.23	97,400,916.53	21,664,514.70
5010003	Fuel - Procure Unload & Handle	1,871,781.83	1,671,373.76	200,408.07
5010005	Fuel - Deferred	(12,176,105.04)	(7,414,637.93)	(4,761,467.11)
5010013	Fuel Survey Activity	0.00	0.00	0.00
5010019	Fuel Oil Consumed	3,503,250.64	3,304,985.22	198,265.42
5010200	PJM Fuel ML 3 Pct -DR	3,320,522.92	2,930,424.47	390,098.45
5010201	PJM Fuel ML 3 Pct -CR	(3,320,522.92)	(2,930,424.47)	(390,098.45)
5020000	Steam Expenses	1,304,480.35	1,064,223.14	240,257.21
5020002	Urea Expense	2,200,445.70	1,348,184.75	852,260.95
5050000	Electric Expenses	52,481.26	44,396.64	8,084.62
5060000	Misc Steam Power Expenses	4,160,304.22	2,451,185.42	1,709,118.80
5060002	Misc Steam Power Exp-Assoc	6,015.00	5,754.00	261.00
5060004	NSR Settlement Expense	(60,878.49)	(55,343.49)	(5,535.00)
5090000	Allowance Consumption SO2	1,488,116.47	1,312,981.48	175,134.99
5090002	Allowance Expenses	0.00	0.00	0.00
5090003	CO2 Allowance Consumption	5,088.00	3,520.88	1,567.12
5100000	Maint Supv & Engineering	495,395.70	445,187.92	50,207.78
5110000	Maintenance of Structures	521,704.74	476,021.64	45,683.10
5120000	Maintenance of Boiler Plant	12,830,476.70	12,073,972.26	756,504.44
5130000	Maintenance of Electric Plant	3,979,813.08	3,792,787.88	187,025.20
5140000	Maintenance of Misc Steam Plt	587,644.92	487,822.57	99,822.35
5550001	Purch Pwr-NonTrading-Nonassoc	177,929.88	0.00	177,929.88
5550002	Purchased Power - Associated	312,466.36	251,566.10	60,900.26
5550004	Purchased Power-Pool Capacity	36,471,768.00	31,862,508.00	4,609,260.00
5550005	Purchased Power - Pool Energy	63,474,599.00	57,464,848.00	6,009,751.00
5550027	Purch Pwr-Non-Fuel Portion-Aff	30,390,611.00	26,948,587.00	3,442,024.00

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
5550032	Gas-Conversion-Mone Plant	318,021.65	275,511.26	42,510.39
5550035	Normal Purchases (non-ECR)	12,996,129.80	12,379,166.31	616,963.49
5550036	PJM Emer. Energy Purch.	9,298.04	1,433.15	7,864.89
5550039	PJM Inadvertent Mtr Res-OSS	(1,774.14)	(6,468.96)	4,694.82
5550040	PJM Inadvertent Mtr Res-LSE	(98,589.83)	(78,445.33)	(20,144.50)
5550041	PJM Ancillary Serv.-Sync	(893.06)	(4,911.93)	4,018.87
5550046	Purch Power-Fuel Portion-Affil	47,271,989.00	41,676,096.00	5,595,893.00
5550074	PJM Reactive-Charge	1,514,448.60	1,347,710.58	166,738.02
5550075	PJM Reactive-Credit	(1,358,149.48)	(1,203,907.42)	(154,242.06)
5550076	PJM Black Start-Charge	39,653.05	35,470.91	4,182.14
5550077	PJM Black Start-Credit	(17,228.89)	(15,260.50)	(1,968.39)
5550078	PJM Regulation-Charge	4,980,939.15	4,514,343.28	466,595.87
5550079	PJM Regulation-Credit	(2,007,700.16)	(1,886,538.46)	(121,161.70)
5550080	PJM Hourly Net Purch.-FERC	21,036,371.97	19,528,762.67	1,507,609.30
5550083	PJM Spinning Reserve-Charge	284,571.21	273,916.31	10,654.90
5550084	PJM Spinning Reserve-Credit	(1,960.19)	(369.51)	(1,590.68)
5550088	Normal Capacity Purchases	1,618,038.42	1,377,680.42	240,358.00
5550090	PJM 30m Suppl Rserv Charge LSE	24.15	0.00	24.15
5550093	Peak Hour Avail charge - LSE	1,053,418.57	0.00	1,053,418.57
5560000	Sys Control & Load Dispatching	311,225.14	284,476.56	26,748.58
5570000	Other Expenses	1,743,015.31	1,805,970.70	(62,955.39)
5570006	PJM Trans. Mkt Expan. Exp.	0.00	0.00	0.00
5570007	Other Pwr Exp - Wholesale RECs	2,336.95	1,620.46	716.49
5600000	Oper Supervision & Engineering	437,020.38	398,360.18	38,660.20
5610000	Load Dispatching	1,225.83	818.00	407.83
5611000	Load Dispatch - Reliability	7,938.80	7,398.87	539.93
5612000	Load Dispatch-Mntr&Op TransSys	627,790.45	563,592.47	64,197.98
5613000	Load Dispatch-Trans Srvc&Sched	58.65	58.65	0.00
5614000	PJM Admin-SSC&DS-OSS	86,837.87	79,543.11	7,294.76
5614001	PJM Admin-SSC&DS-Internal	726,395.11	661,041.54	65,353.57
5614007	PJM Admin Defaults LSE	176,570.73	118,241.87	58,328.86
5614008	PJM Admin Defaults OSS	34,633.60	27,910.48	6,723.12
5615000	Reliability, PIng&Stds Develop	11,989.92	11,186.44	803.48
5618000	PJM Admin-RP&SDS-OSS	22,875.57	21,319.60	1,555.97
5618001	PJM Admin-RP&SDS- Internal	137,786.82	124,524.70	13,262.12
5620001	Station Expenses - Nonassoc	132,058.09	106,870.44	25,187.65
5630000	Overhead Line Expenses	238,017.66	219,289.94	18,727.72
5650002	Transmsn Elec by Others-NAC	88,044.00	79,605.00	8,439.00
5650003	AEP Trans Equalization Agmt	(1,487,241.00)	(1,308,798.00)	(178,443.00)
5650012	PJM Trans Enhancement Charge	247,811.81	209,964.27	37,847.54
5660000	Misc Transmission Expenses	721,554.45	624,882.49	96,671.96
5670001	Rents - Nonassociated	1,944.47	1,944.47	0.00
5680000	Maint Supv & Engineering	130,154.78	117,924.70	12,230.08
5690000	Maintenance of Structures	19,048.51	18,933.29	115.22
5691000	Maint of Computer Hardware	32,041.41	28,567.61	3,473.80
5692000	Maint of Computer Software	183,505.57	163,208.33	20,297.24

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
5693000	Maint of Communication Equip	172,059.25	154,627.48	17,431.77
5700000	Maint of Station Equipment	646,612.53	620,101.95	26,510.58
5710000	Maintenance of Overhead Lines	1,884,963.30	1,761,966.89	122,996.41
5720000	Maint of Underground Lines	0.00	0.00	0.00
5730000	Maint of Misc Trnsmssion Plt	3,388.16	3,388.16	0.00
5757000	PJM Admin-MAM&SC- OSS	88,012.99	78,172.90	9,840.09
5757001	PJM Admin-MAM&SC- Internal	722,763.16	639,432.10	83,331.06
5800000	Oper Supervision & Engineering	765,824.87	682,865.14	82,959.73
5810000	Load Dispatching	4,362.03	3,843.31	518.72
5820000	Station Expenses	190,973.35	167,540.98	23,432.37
5830000	Overhead Line Expenses	499,295.74	448,865.58	50,430.16
5840000	Underground Line Expenses	60,739.69	55,890.71	4,848.98
5850000	Street Lighting & Signal Sys E	48,229.88	41,725.73	6,504.15
5860000	Meter Expenses	302,506.39	240,418.72	62,087.67
5870000	Customer Installations Exp	219,817.17	202,959.95	16,857.22
5880000	Miscellaneous Distribution Exp	2,622,453.10	2,234,247.13	388,205.97
5890001	Rents - Nonassociated	1,033,540.63	920,837.84	112,702.79
890002	Rents - Associated	52,581.50	46,739.11	5,842.39
5900000	Maint Supv & Engineering	4,352.60	3,963.28	389.32
5910000	Maintenance of Structures	9,221.29	8,762.80	458.49
5920000	Maint of Station Equipment	774,052.25	717,833.16	56,219.09
5930000	Maintenance of Overhead Lines	12,240,818.61	11,031,971.11	1,208,847.51
5930001	Tree and Brush Control	101,982.29	92,274.19	9,708.10
5940000	Maint of Underground Lines	188,068.01	179,379.11	8,688.90
5950000	Maint of Lne Trnf,Rglators&Dvi	463,462.83	448,122.79	15,340.04
5960000	Maint of Strt Lghtng & Sgnal S	33,356.31	29,250.64	4,105.67
5970000	Maintenance of Meters	139,919.42	126,513.46	13,405.96
5980000	Maint of Misc Distribution Plt	401,744.01	366,391.67	35,352.34
9010000	Supervision - Customer Accts	292,951.54	263,690.72	29,260.82
9020000	Meter Reading Expenses	23,277.71	21,907.07	1,370.64
9020002	Meter Reading - Regular	618,828.25	565,763.23	53,065.02
9020003	Meter Reading - Large Power	35,256.25	31,754.86	3,501.39
9020004	Read-In & Read-Out Meters	84,621.62	84,210.79	410.83
9030000	Cust Records & Collection Exp	389,903.69	353,534.36	36,369.33
9030001	Customer Orders & Inquiries	2,160,603.81	1,948,526.15	212,077.66
9030002	Manual Billing	32,533.45	29,563.83	2,969.62
9030003	Postage - Customer Bills	481,586.15	404,219.07	77,367.08
9030004	Cashiering	99,528.61	91,965.79	7,562.82
9030005	Collection Agents Fees & Exp	99,603.41	88,176.14	11,427.27
9030006	Credit & Oth Collection Activi	466,038.26	378,396.08	87,642.18
9030007	Collectors	557,644.59	530,737.81	26,906.78
9030009	Data Processing	133,679.38	119,636.01	14,043.37
J40003	Uncoll Accts-Power Trading	0.00	0.00	0.00
9040007	Uncoll Accts - Misc Receivable	4,281,728.81	4,246,241.17	35,487.64
9050000	Misc Customer Accounts Exp	1,437.51	1,284.97	152.54
9070000	Supervision - Customer Service	158,420.19	141,577.15	16,843.04

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
9070001	Supervision - DSM	2,721.67	2,252.63	469.04
9080000	Customer Assistance Expenses	337,372.14	306,598.18	30,773.96
9080009	Cust Assistance Expense - DSM	589,536.66	557,628.33	31,908.33
9090000	Information & Instruct Advrtis	188,333.59	172,446.88	15,886.71
9100000	Misc Cust Svc&Informational Ex	39,211.38	33,042.93	6,168.45
9100001	Misc Cust Svc & Info Exp - RCS	1.38	1.38	0.00
9110002	Supervision - Comm & Ind	0.00	0.00	0.00
9200000	Administrative & Gen Salaries	4,501,354.14	3,901,223.84	600,130.30
9200004	I C Adjustments	289.48	289.48	0.00
9210001	Off Supl & Exp - Nonassociated	811,288.16	792,498.25	18,789.91
9210003	Office Supplies & Exp - Trnsf	115.93	115.93	0.00
9210004	Office Utilites	0.00	0.00	0.00
9210005	Cellular Phones and Pagers	2.43	2.43	0.00
9220000	Administrative Exp Trnsf - Cr	198.52	198.52	0.00
9220001	Admin Exp Trnsf to Cnstrction	(305,040.52)	(276,425.61)	(28,614.91)
9220004	Admin Exp Trnsf to ABD	(8,928.04)	(6,033.37)	(2,894.67)
9220125	SSA Expense Transfers BL	(480,319.50)	(427,681.84)	(52,637.66)
9230001	Outside Svcs Empl - Nonassoc	445,329.48	415,689.25	29,640.23
9230002	Outside Svcs Empl - Assoc	0.00	0.00	0.00
9230003	AEPSC Billed to Client Co	3,910,582.91	3,444,107.24	466,475.67
9240000	Property Insurance	273,403.60	242,059.46	31,344.14
9250000	Injuries and Damages	729,534.52	646,995.06	82,539.46
9250001	Safety Dinners and Awards	1,334.32	1,334.32	0.00
9250002	Emp Accdent Prvntion-Adm Exp	71,772.42	64,727.60	7,044.82
9250004	Injuries to Employees	0.00	0.00	0.00
9250006	Wrks Cmpnstn Pre&Slf Ins Prv	251,706.04	225,702.01	26,004.03
9250007	Prsnal Injries&Prop Dmage-Pub	12,387.06	12,333.22	53.84
9250009	Directors Travel/Accident Ins	0.00	0.00	0.00
9250010	Frg Ben Loading - Workers Comp	(118,502.80)	(105,360.53)	(13,142.27)
9260000	Employee Pensions & Benefits	7,058.24	6,149.39	908.85
9260001	Edit & Print Empl Pub-Salaries	10,243.73	9,538.24	705.49
9260002	Pension & Group Ins Admin	11,410.00	10,256.00	1,154.00
9260003	Pension Plan	742,706.98	660,194.65	82,512.33
9260004	Group Life Insurance Premiums	109,638.58	97,207.24	12,431.34
9260005	Group Medical Ins Premiums	3,162,998.18	2,808,200.46	354,797.72
9260006	Physical Examinations	323.20	323.20	0.00
9260007	Group L-T Disability Ins Prem	107,602.94	101,361.62	6,241.32
9260009	Group Dental Insurance Prem	202,835.33	180,133.70	22,701.63
9260010	Training Administration Exp	4,079.77	4,079.77	0.00
9260012	Employee Activities	2,931.93	629.77	2,302.16
9260014	Educational Assistance Pmts	16,041.02	15,637.93	403.09
9260021	Postretirement Benefits - OPEB	1,939,521.74	1,725,608.33	213,913.41
9260027	Savings Plan Contributions	1,165,596.49	1,064,965.54	100,630.95
9260036	Deferred Compensation	(1,469.53)	85.17	(1,554.70)
9260037	Supplemental Pension	3,932.27	3,495.35	436.92
9260050	Frg Ben Loading - Pension	(264,157.46)	(231,132.63)	(33,024.83)

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2008				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
9260051	Frg Ben Loading - Grp Ins	(1,272,300.46)	(1,129,284.90)	(143,015.56)
9260052	Frg Ben Loading - Savings	(452,297.82)	(398,193.12)	(54,104.70)
9260053	Frg Ben Loading - OPEB	(482,265.02)	(427,668.38)	(54,596.64)
9260055	IntercoFringeOffset- Don't Use	(677,695.07)	(599,844.20)	(77,850.87)
9260057	Postret Ben Medicare Subsidy	(721,742.21)	(641,374.30)	(80,367.91)
9260058	Frg Ben Loading - Accrual	110,769.54	142,318.78	(31,549.24)
9270000	Franchise Requirements	133,705.10	118,689.28	15,015.82
9280002	Regulatory Commission Exp-Case	28.84	28.84	0.00
9301000	General Advertising Expenses	77.60	77.60	0.00
9301001	Newspaper Advertising Space	7,495.88	5,333.94	2,161.94
9301002	Radio Station Advertising Time	2,072.50	2,072.50	0.00
9301003	TV Station Advertising Time	0.00	0.00	0.00
9301006	Spec Corporate Comm Info Proj	0.11	0.00	0.11
9301007	Special Adv Space & Prod Exp	30.00	30.00	0.00
9301008	Direct Mail and Handouts	704.89	150.42	554.47
9301009	Fairs, Shows, and Exhibits	200.82	200.82	0.00
9301010	Publicity	822.03	764.38	57.65
9301011	Dedications, Tours, & Openings	5.64	4.33	1.31
9301012	Public Opinion Surveys	10,019.80	290.33	9,729.47
9301013	Movies Slide Films & Speeches	29,634.24	26,058.01	3,576.23
9301014	Video Communications	160.78	160.78	0.00
9301015	Other Corporate Comm Exp	54,635.78	53,742.92	892.86
9301016	Corporate Comm Exp Transferred	0.00	0.00	0.00
9302000	Misc General Expenses	195,523.77	185,760.48	9,763.29
9302003	Corporate & Fiscal Expenses	20,959.33	14,871.28	6,088.05
9302004	Research, Develop&Demonstr Exp	5,330.02	4,987.66	342.36
9302007	Assoc Business Development Exp	744,869.73	451,195.25	293,674.48
9310000	Rents	500.00	500.00	0.00
9310001	Rents - Real Property	70,272.76	62,524.65	7,748.11
9310002	Rents - Personal Property	214,208.87	190,538.71	23,670.16
9310003	Rents - Real Property - Assoc	207,415.62	184,369.44	23,046.18
9350000	Maintenance of General Plant	343.07	343.07	0.00
9350001	Maint of Structures - Owned	205,959.19	187,381.89	18,577.30
9350002	Maint of Structures - Leased	48,317.45	45,480.95	2,836.50
9350003	Maint of Prprty Held Fture Use	3,572.50	3,572.50	0.00
9350012	Maint of Data Equipment	120.31	117.40	2.91
9350013	Maint of Cmmncation Eq-Unall	809,511.70	733,487.91	76,023.79
9350015	Maint of Office Furniture & Eq	0.00	0.00	0.00
	NET INCOME - EARN FOR CMMN STK	(29,525,475.51)	(30,238,218.76)	712,743.26
	PREF STK DIVIDEND REQUIREMENT	0.00	0.00	0.00

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
1010001	Plant in Service	1,522,919,581.81	1,523,216,080.48	(296,498.67)
1011001	Capital Leases	3,880,458.76	3,871,817.64	8,641.12
1011006	Prov-Leased Assets	(1,921,439.34)	(1,868,455.19)	(52,984.15)
1011012	Accrued Capital Leases	39,883.37	22,400.55	17,482.82
1050001	Held For Fut Use	6,808,947.00	6,808,947.00	0.00
1060001	Const Not Classifd	66,659,891.44	62,110,100.41	4,549,791.03
1070001	CWIP - Project	28,208,038.99	28,883,189.96	(675,150.96)
1080001	A/P for Deprec of Plt	(484,770,237.69)	(485,097,990.47)	327,752.78
1080005	RWIP - Project Detail	3,166,995.68	2,904,600.37	262,395.31
1080011	Cost of Removal Reserve	(26,496,294.31)	(23,822,784.69)	(2,673,509.62)
1080013	ARO Removal Deprec - Accretion	1,444,703.97	1,404,754.58	39,949.39
1110001	A/P for Amort of Plt	(20,862,821.74)	(20,494,514.38)	(368,307.36)
1210001	Nonutility Property - Owned	957,608.00	957,608.00	0.00
1220001	Depr&Amrt of Nonutl Prop-Ownd	(186,609.44)	(186,053.63)	(555.81)
1220003	Depr&Amrt of Nonutl Prop-WIP	4,053.89	4,053.89	0.00
1240002	Oth Investments-Nonassociated	806.00	806.00	0.00
1240005	Spec Allowance Inv NOx	221.61	383.55	(161.94)
1240007	Deferred Compensation Benefits	135,823.58	135,823.58	0.00
1240029	Other Property - CPR	4,533,569.90	4,533,569.90	0.00
1240037	Intang Assets - Amortizable	0.00	0.00	0.00
1240044	Spec Allowances Inv SO2	15,709.95	6,903.70	8,806.25
1240050	Spec Allowance Inventory CO2	541.70	4,770.70	(4,229.00)
1240092	Fbr Opt Lns-In Kind Sv-Invest	177,028.21	177,277.21	(249.00)
1310000	Cash	539,815.48	719,403.78	(179,588.30)
1340018	Spec Deposits - Elect Trading	679,690.95	1,018,194.46	(338,503.51)
1340043	Spec Deposit UBS Securities	12,724,888.38	15,115,501.15	(2,390,612.77)
1340048	Spec Deposits-Trading Contra	(6,611,833.00)	(9,642,854.00)	3,031,021.00
1340050	Spec Deposit Mizuho Securities	37,481.45	77,801.93	(40,320.48)
1350002	Petty Cash	4,999.72	4,999.72	0.00
1420001	Customer A/R - Electric	22,534,283.11	30,718,254.13	(8,183,971.02)
1420003	Customer A/R - CMP	0.00	0.00	0.00
1420005	Employee Loans - Current	1,721.17	2,356.33	(635.16)
1420014	Customer A/R-System Sales	697,340.43	841,300.56	(143,960.13)
1420019	Transmission Sales Receivable	18,072.00	13,632.00	4,440.00
1420022	Cust A/R - Factored	(23,408,259.84)	(28,712,771.42)	5,304,511.58
1420023	Cust A/R-System Sales - MLR	7,966,934.55	10,052,655.31	(2,085,720.76)
1420024	Cust A/R-Options & Swaps - MLR	927,865.25	970,281.33	(42,416.08)
1420027	Low Inc Energy Asst Pr (LIEAP)	252.00	252.00	0.00
1420028	Emergency LIEAP	0.00	(173.66)	173.66
1420044	Customer A/R - Estimated	4,008,580.00	150,125.00	3,858,455.00
1430019	Coal Trading	386,040.32	253,471.98	132,568.34
1430021	Emission Allowance Trading	0.00	0.00	0.00
1430022	2001 Employee Biweekly Pay Cnv	106,437.86	106,437.86	0.00
1430023	A/R PeopleSoft Billing System	847,430.99	1,130,389.51	(282,958.52)
1430081	Damage Recovery - Third Party	41,464.90	55,580.90	(14,116.00)
1430083	Damage Recovery Offset Demand	(50,228.90)	(66,306.90)	16,078.00

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
1430085	Gas Accruals GDA Transactions	27,647.39	3,875.27	23,772.12
1430086	AR Accrual NYMEX OTC Penults	10,212.50	58,425.51	(48,213.01)
1430087	PJM AR Accrual	0.00	(1,686.73)	1,686.73
1430089	A/R - Benefits Billing	(66.47)	0.63	(67.10)
1430090	Accrued Broker - Power	0.00	0.00	0.00
1430123	Accounts Receivable - LT	26,744.54	26,744.54	0.00
1440002	Uncoll Accts-Other Receivables	(34,578.03)	(30,221.64)	(4,356.39)
1440003	Uncoll Accts-Power Trading	(828,642.09)	(828,642.09)	0.00
1450000	Corp Borrow Prg (NR-Assoc)	4,197,299.71	12,565,108.10	(8,367,808.39)
1460001	A/R Assoc Co - InterUnit G/L	9,971,990.44	1,677,281.84	8,294,708.60
1460002	A/R Assoc Co - Allowances	0.00	0.00	0.00
1460006	A/R Assoc Co - Intercompany	241,411.05	353,522.29	(112,111.24)
1460008	A/R Assoc Co - AEPSC Bills	0.00	0.00	0.00
1460009	A/R Assoc Co - InterUnit A/P	3,797.66	9,935.87	(6,138.21)
1460011	A/R Assoc Co - Multi Pmts	1,070,186.36	1,551,745.75	(481,559.39)
1460012	A/R Assoc Co - Transmissn Agmt	713,077.00	716,694.00	(3,617.00)
1460024	A/R Assoc Co - System Sales	26,700.82	22,772.71	3,928.11
1460025	Fleet - M4 - A/R	14,525.76	16,562.70	(2,036.94)
1460045	A/R Assoc Co-Realization Sharng	0.00	2.00	(2.00)
1510001	Fuel Stock - Coal	41,524,413.85	38,350,208.39	3,174,205.46
1510002	Fuel Stock - Oil	619,124.57	596,130.03	22,994.54
1510020	Fuel Stock Coal - Intransit	570,728.40	0.00	570,728.40
1520000	Fuel Stock Exp Undistributed	620,536.77	483,298.97	137,237.80
1540001	M&S - Regular	9,892,892.93	9,888,519.07	4,373.86
1540004	M&S - Exempt Material	46,927.57	47,003.53	(75.96)
1540012	Materials & Supplies - Urea	233,950.36	212,111.55	21,838.81
1540013	Transportation Inventory	47,100.45	47,100.45	0.00
1540023	M&S Inv - Urea In-Transit	396,454.14	427,837.22	(31,383.08)
1581000	SO2 Allowance Inventory	6,698,929.08	6,698,929.08	0.00
1581003	SO2 Allowance Inventory - Curr	882,667.22	957,311.86	(74,644.64)
1581006	An. NOx Comp Inv - Curr	55,009.88	71,504.06	(16,494.18)
1650001	Prepaid Insurance	485,359.58	550,992.30	(65,632.72)
165000208	Prepaid Taxes	0.00	0.00	0.00
165000209	Prepaid Taxes	562,316.09	624,795.65	(62,479.56)
1650004	Prepaid Interest	0.00	0.00	0.00
1650006	Other Prepayments	0.00	0.00	0.00
1650009	Prepaid Carry Cost-Factored AR	15,886.55	17,148.85	(1,262.30)
1650010	Prepaid Pension Benefits	15,390,035.22	15,574,653.24	(184,618.02)
165001209	Prepaid Sales/Use Taxes	398,943.86	428,987.97	(30,044.11)
1650014	FAS 158 Qual Contra Asset	(15,390,035.22)	(15,943,889.28)	553,854.06
1650016	FAS 112 ASSETS	122,026.11	122,026.11	0.00
1650021	Prepaid Insurance - EIS	401,930.95	476,096.39	(74,165.44)
1710048	Interest Receivable -FIT -LT	1,716,000.00	1,716,000.00	0.00
1720000	Rents Receivable	1,609,080.27	1,450,454.10	158,626.17
1730000	Accrued Utility Revenues	13,966,784.17	18,498,496.64	(4,531,712.47)
1730002	Acrd Utility Rev-Factored-Assc	(14,405,018.85)	(16,962,673.74)	2,557,654.89

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
1740000	Misc Current & Accrued Assets	244,612.90	244,612.90	0.00
174001108	Non-Highway Fuel Tx Credt-2008	1,234.00	1,234.00	0.00
1750001	Curr. Unreal Gains - NonAffil	17,196,168.50	18,535,698.14	(1,339,529.64)
1750002	Long-Term Unreal Gns - Non Aff	12,534,185.41	15,250,038.45	(2,715,853.04)
1750003	Curr. Unrealized Gains Affil	379,656.00	0.00	379,656.00
1750004	Long-Term Unreal Gains - Affil	0.00	0.00	0.00
1750009	S/T Option Premium Purchases	2,120.70	0.00	2,120.70
1750021	S/T Asset MTM Collateral	(995,826.00)	(1,609,009.00)	613,183.00
1750022	L/T Asset MTM Collateral	(954,343.00)	(1,412,635.00)	458,292.00
1760010	S/T Asset for Commodity Hedges	575,071.00	707,863.00	(132,792.00)
1760011	L/T Asset for Commodity Hedges	112,983.00	156,475.00	(43,492.00)
1810006	Unamort Debt Exp - Sr Unsec Nt	3,261,542.57	3,287,234.93	(25,692.36)
1823007	SFAS 112 Postemployment Benef	6,519,109.20	6,519,109.20	0.00
1823009	DSM Incentives	953,738.00	939,236.00	14,502.00
1823010	DSM Recovery	(14,476,392.00)	(14,417,414.00)	(58,978.00)
1823011	DSM Lost Revenues	3,586,884.00	3,566,020.00	20,864.00
1823012	DSM Program Costs	10,006,341.00	9,927,090.00	79,251.00
1823022	HRJ 765kV Post Service AFUDC	774,216.00	777,000.00	(2,784.00)
1823054	HRJ 765kV Depreciation Expense	120,655.00	121,089.00	(434.00)
1823063	Unrecovered Fuel Cost	0.00	0.00	0.00
1823115	Deferred Equity Carrying Chgs	(180,575.65)	(182,444.65)	1,869.00
1823118	BridgeCo TO Funding	341,736.85	343,460.39	(1,723.54)
1823119	PJM Integration Payments	641,584.53	649,909.92	(8,325.39)
1823120	Other PJM Integration	361,044.24	362,865.16	(1,820.92)
1823121	Carry Chgs-RTO Startup Costs	234,472.24	236,413.13	(1,940.89)
1823122	Alliance RTO Deferred Expense	178,861.22	179,763.30	(902.08)
1823165	REG ASSET FAS 158 QUAL PLAN	39,749,073.00	40,115,665.00	(366,592.00)
1823166	REG ASSET FAS 158 OPEB PLAN	19,517,241.00	19,912,887.00	(395,646.00)
1823167	REG Asset FAS 158 SERP Plan	(115,707.00)	(115,104.00)	(603.00)
1823188	Deferred Carbon Mgmt Research	150,000.00	100,000.00	50,000.00
1823301	SFAS 109 Flow Thru Defrd FIT	81,112,211.99	81,159,233.42	(47,021.43)
1823302	SFAS 109 Flow Thru Defrd SIT	32,387,792.00	31,045,819.00	1,341,973.00
1830000	Prelimin Surv&Investgtn Chrgs	21,052,202.12	21,052,089.52	112.60
1840029	Transp-Assigned Vehicles	0.00	10,849.09	(10,849.09)
1860001	Allowances	0.00	0.01	(0.01)
1860002	Deferred Expenses	8,482.80	9,533.70	(1,050.90)
186000308	Deferred Property Taxes	2,264,011.00	3,018,688.00	(754,677.00)
1860005	Unidentified Cash Receipts	0.00	(72.66)	72.66
1860007	Billings and Deferred Projects	1,093,577.96	973,974.73	119,603.23
1860077	Agency Fees - Factored A/R	756,265.57	913,508.92	(157,243.35)
186008109	Defrd Property Tax - Cap Leases	8,250.00	11,000.00	(2,750.00)
1860094	Labor Accruals - Bal Sheet	0.00	0.00	0.00
1860110	AEP Branding	0.00	0.00	0.00
1860114	ABD Major Construction Work	0.00	0.00	0.00
1860136	NonTradition Option Premiums	43,420.63	47,210.88	(3,790.25)
1860150	Deferred Rate Case Expense	0.00	0.00	0.00

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
1860151	Transmission JV Deferred Costs	0.00	0.00	0.00
1860153	Unamortized Credit Line Fees	109,323.79	114,217.14	(4,893.35)
1860160	Deferred Expenses - Current	6,959.10	1,131.99	5,827.11
1860166	Def Lease Assets - Non Taxable	12,221.34	70,843.61	(58,622.27)
1890004	Loss Rec Debt-Debentures	779,525.35	782,329.40	(2,804.05)
1900006	ADIT Federal - SFAS 133 Nonaff	238,949.70	302,007.05	(63,057.35)
1900015	ADIT-Fed-Hdg-CF-Int Rate	257,565.90	260,277.12	(2,711.22)
1901001	Accum Deferred FIT - Other	31,660,816.01	32,234,299.40	(573,483.39)
1902001	Accum Defd FIT - Oth Inc & Ded	1,190,273.36	1,185,189.34	5,084.02
1903001	Acc Dfd FIT - FAS109 Flow Thru	12,360,342.00	11,927,533.87	432,808.13
1904001	Accum Dfd FIT - FAS 109 Excess	449,846.39	455,556.23	(5,709.84)
	TOTAL ASSETS AND OTHER DEBITS	1,494,583,512.44	1,496,629,261.91	(2,045,749.47)
2010001	Common Stock Issued-Affiliated	(50,450,000.00)	(50,450,000.00)	0.00
2080000	Donations Recvd from Stckhldrs	(238,750,000.00)	(238,750,000.00)	0.00
2160001	Unapprp Retnd Erngs-Unrestrictd	(138,749,088.79)	(138,749,088.79)	0.00
2190010	OCI for Commodity Hedges	(100,219.60)	(114,733.97)	14,514.37
2190015	Accum OCI-Hdg-CF-Int Rate	478,337.35	483,372.48	(5,035.13)
2230000	Advances from Associated Co	(20,000,000.00)	(20,000,000.00)	0.00
2240006	Senior Unsecured Notes	(530,000,000.00)	(530,000,000.00)	0.00
2260006	Unam Disc LTD-Dr-Sr Unsec Note	1,319,906.25	1,333,800.00	(13,893.75)
4380001	Div Declrd - Common Stk - Asso	13,500,000.00	13,500,000.00	0.00
4390000	Adj to Retained Earnings	0.00	0.00	0.00
	TOTAL CAPITALIZATION	(962,751,064.79)	(962,746,650.28)	(4,414.51)
2270001	Obligatns Undr Cap Lse-Noncurr	(1,178,616.10)	(1,244,472.25)	65,856.15
2270003	Accrued Noncur Lease Oblig	(21,327.00)	(17,920.44)	(3,406.56)
2282003	Accm Prv I/D - Worker's Com	(69,928.91)	(70,916.03)	987.12
2283000	Accm Prv for Pensions&Benefits	(127,772.83)	(127,539.51)	(233.32)
2283002	Supplemental Savings Plan	(590,271.00)	(538,696.26)	(51,574.74)
2283003	SFAS 106 Post Retirement Benef	(4,799,537.51)	(4,730,257.01)	(69,280.50)
2283005	SFAS 112 Postemployment Benef	(5,663,168.31)	(5,663,168.31)	0.00
2283006	SFAS 87 - Pensions	(1,661,562.18)	(1,107,708.12)	(553,854.06)
2283007	Perf Share Incentive Plan	(533,576.95)	(509,578.47)	(23,998.48)
2283013	Incentive Comp Deferral Plan	(221,797.69)	(213,721.30)	(8,076.39)
2283015	FAS 158 SERP Payable Long Term	115,830.00	115,227.00	603.00
2283016	FAS 158 Qual Payable Long Term	(22,697,475.60)	(23,064,067.60)	366,592.00
2283017	FAS 158 OPEB Payable Long Term	(19,517,241.00)	(19,912,887.00)	395,646.00
2283018	SFAS 106 Med Part-D	4,783,225.54	4,710,943.82	72,281.72
2300001	Asset Retirement Obligations	(3,455,005.55)	(3,439,044.58)	(15,960.97)
2320001	Accounts Payable - Regular	(6,805,941.10)	(2,955,780.57)	(3,850,160.53)
2320002	Unvouchered Invoices	(2,087,745.20)	(3,118,358.35)	1,030,613.15
2320003	Retention	(171,486.23)	(163,300.32)	(8,185.91)
2320011	Uninvoiced Fuel	(8,088,346.85)	(15,998,086.00)	7,909,739.15
2320050	Coal Trading	(302,617.20)	(216,694.07)	(85,923.13)
2320052	Accounts Payable - Purch Power	(2,534,373.83)	(2,662,802.82)	128,428.99
2320053	Elect Trad-Options&Swaps-MLR	(1,096,951.92)	(1,570,314.39)	473,362.47
2320054	Emission Allowance Trading	(2,409.49)	(0.01)	(2,409.48)

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
2320056	Gas Physicals	(358,008.39)	(192,248.33)	(165,760.06)
2320062	Broker Fees Payable	(9,839.48)	(7,335.93)	(2,503.55)
2320071	Gas Accruals GDA Trans-Payable	0.00	0.00	0.00
2320073	A/P Misc Dedic. Power	(7,665.00)	(9,354.00)	1,689.00
2320076	Corporate Credit Card Liab	(139,886.76)	(159,207.98)	19,321.22
2320077	INDUS Unvouchered Liabilities	(327,049.00)	(263,905.17)	(63,143.83)
2320079	Broker Commisn Spark/Merch Gen	(71.64)	(124.75)	53.11
2320080	Non PS Accounts Payable	0.00	0.00	0.00
2320083	PJM Net AP Accrual	(230,791.54)	(751,521.07)	520,729.53
2320086	Accrued Broker - Power	(377,961.86)	(751,205.54)	373,243.68
2320090	MISO AP Accrual	(322,958.42)	(852,489.38)	529,530.96
2330000	Corp Borrow Program (NP-Assoc)	0.00	0.00	0.00
2340001	A/P Assoc Co - InterUnit G/L	(11,702,114.86)	(11,486,692.91)	(215,421.95)
2340005	A/P Assoc Co - Allowances	0.00	0.00	0.00
2340011	A/P-Assc Co-AEPSC-Agent	(5,947,382.21)	(3,116,219.00)	(2,831,163.21)
2340025	A/P Assoc Co - CM Bills	(28,485.29)	(33,755.27)	5,269.98
2340027	A/P Assoc Co - Intercompany	(652,085.42)	(101,845.89)	(550,239.53)
2340029	A/P Assoc Co - AEPSC Bills	(3,283,250.45)	(2,732,563.12)	(550,687.33)
2340030	A/P Assoc Co - InterUnit A/P	(18,220.27)	(142,594.32)	124,374.05
2340032	A/P Assoc Co - Multi Pmts	(533.45)	(256.51)	(276.94)
2340034	A/P Assoc Co - System Sales	(1,815.34)	(20,589.54)	18,774.20
2340035	Fleet - M4 - A/P	(9,396.74)	(17,428.19)	8,031.45
2340037	A/P Assoc-Global Borrowing Int	(350,000.00)	(262,500.00)	(87,500.00)
2340049	A/P Assoc -Realization Sharing	0.00	0.00	0.00
2350001	Customer Deposits-Active	(17,319,382.12)	(17,154,714.73)	(164,667.39)
2350003	Deposits - Trading Activity	(2,391,655.85)	(3,825,548.69)	1,433,892.84
2350005	Deposits - Trading Contra	1,950,169.00	3,021,644.00	(1,071,475.00)
2360001	Federal Income Tax	1,423,542.78	1,741,748.87	(318,206.09)
236000208	State Income Taxes	207,108.06	207,108.06	0.00
236000209	State Income Taxes	1,842,419.80	(117,184.72)	1,959,604.52
2360004	FICA	(73,159.94)	(57,416.40)	(15,743.54)
2360005	Federal Unemployment Tax	(86.31)	(60.94)	(25.37)
2360006	State Unemployment Tax	(113.77)	(79.01)	(34.76)
236000700	State Sales and Use Taxes	0.00	0.00	0.00
236000708	State Sales and Use Taxes	0.00	0.00	0.00
236000709	State Sales and Use Taxes	(20,292.44)	(36,362.53)	16,070.09
236000806	Real & Personal Property Taxes	0.00	0.00	0.00
236000807	Real & Personal Property Taxes	1,051.49	746.08	305.41
236000808	Real & Personal Property Taxes	(9,055,058.66)	(9,056,101.00)	1,042.34
236000809	Real & Personal Property Taxes	0.92	0.00	0.92
236001208	State Franchise Taxes	41,123.00	41,123.00	0.00
236001209	State Franchise Taxes	34,200.00	(46,000.00)	80,200.00
236001608	State Gross Receipts Tax	0.00	0.00	0.00
236001609	State Gross Receipts Tax	(41,751.00)	(27,834.00)	(13,917.00)
236003307	Pers Prop Tax-Cap Leases	0.00	0.00	0.00
236003308	Pers Prop Tax-Cap Leases	0.00	871.26	(871.26)

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
236003309	Pers Prop Tax-Cap Leases	(33,000.00)	(33,000.00)	0.00
236003508	Real Prop Tax-Cap Leases	0.00	0.00	0.00
236003509	Real Prop Tax-Cap Leases	(9,018.00)	(8,016.00)	(1,002.00)
2360037	FICA - Incentive accrual	(40,759.34)	(56,517.64)	15,758.30
2360601	Fed Inc Tax-Long Term FIN48	(2,250,946.00)	(2,375,230.00)	124,284.00
2360602	State Inc Tax-Long Term FIN48	(1,154,283.00)	(1,154,283.00)	0.00
2360701	SEC Accum Defd FIT-Util FIN 48	1,840,134.00	2,008,168.00	(168,034.00)
2360702	SEC Accum Defd SIT - FIN 48	292,353.00	292,353.00	0.00
2370006	Interest Accrd-Sen Unsec Notes	(5,187,530.56)	(12,112,051.39)	6,924,520.83
2370007	Interest Accrd-Customer Depsts	(676,721.98)	(599,707.77)	(77,014.21)
2370018	Accrued Margin Interest	(2,483.55)	(2,219.23)	(264.32)
2370048	Acrd Int.- FIT Reserve - LT	(573,180.00)	(616,845.00)	43,665.00
2370348	Acrd Int. - SIT Reserve - LT	(143,993.00)	(143,993.00)	0.00
2410001	Federal Income Tax Withheld	0.00	(2,250.00)	2,250.00
2410002	State Income Tax Withheld	(68,217.78)	(71,271.09)	3,053.31
2410003	Local Income Tax Withheld	(22,910.76)	(16,653.58)	(6,257.18)
2410004	State Sales Tax Collected	(708,156.66)	(748,127.19)	39,970.53
2410006	School District Tax Withheld	(780,429.81)	(844,219.28)	63,789.47
2410008	Franchise Fee Collected	(163,980.04)	(125,089.82)	(38,890.22)
2420000	Misc Current & Accrued Liab	(1,688.78)	0.00	(1,688.78)
2420002	P/R Ded - Medical Insurance	(88,174.61)	(88,228.83)	54.22
2420003	P/R Ded - Dental Insurance	(7,345.69)	(7,319.61)	(26.08)
2420009	Depend Care/Flex Medical Spend	(440.00)	(440.00)	0.00
2420020	Vacation Pay - This Year	(1,472,100.34)	(1,704,485.09)	232,384.75
2420021	Vacation Pay - Next Year	(1,935,103.39)	(1,724,815.07)	(210,288.32)
2420027	FAS 112 CURRENT LIAB	(977,963.00)	(977,963.00)	0.00
2420044	P/R Withholdings	(29,255.73)	(28,766.04)	(489.69)
2420046	FAS 158 SERP Payable - Current	(123.00)	(123.00)	0.00
2420051	Non-Productive Payroll	(66,223.47)	(5,449.47)	(60,774.00)
2420053	Perf Share Incentive Plan	(41,901.69)	0.00	(41,901.69)
2420071	P/R Ded - Vision Plan	(4,342.32)	(4,362.70)	20.38
2420072	P/R - Payroll Adjustment	0.00	2,250.00	(2,250.00)
2420076	P/R Savings Plan - Incentive	(21,073.20)	(28,833.45)	7,760.25
2420083	Active Med and Dental IBNR	(466,830.00)	0.00	(466,830.00)
2420504	Accrued Lease Expense	(3,363.61)	(7,510.80)	4,147.19
2420511	Control Cash Disburse Account	(524,080.82)	(401,564.77)	(122,516.05)
2420512	Unclaimed Funds	(32,599.11)	(32,930.38)	331.27
2420514	Revenue Refunds Accrued	(2,385,989.03)	(2,962,930.17)	576,941.14
2420532	Adm Liab-Cur-S/Ins-W/C	(1,502,552.49)	(1,426,985.19)	(75,567.30)
2420542	Acc Cash Franchise Req	(75,819.51)	(57,211.80)	(18,607.71)
2420558	Admitted Liab NC-Self/Ins-W/C	(717,432.56)	(822,310.82)	104,878.26
242059208	Sales & Use Tax - Leased Equ	0.00	0.00	0.00
242059209	Sales & Use Tax - Leased Equ	(3,603.87)	(5,592.30)	1,988.43
2420598	Est Fin Cost - Sen Unsec Notes	(66,763.17)	(66,763.17)	0.00
2420618	Accrued Payroll	(922,433.73)	(692,449.34)	(229,984.39)
2420623	Energy Delivery Incentive Plan	(288,067.13)	(386,847.07)	98,779.94

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
2420624	Corp & Shrd Srv Incentive Plan	(34,060.00)	(45,930.00)	11,870.00
2420635	Fossil and Hydro Gen ICP	(170,390.00)	(230,740.00)	60,350.00
2420643	Accrued Audit Fees	(154,835.81)	(128,436.81)	(26,399.00)
2420656	Federal Mitigation Accru (NSR)	(255,371.90)	(255,371.90)	0.00
2420658	Accrued Prof. Tax Services	(11,448.56)	(11,448.56)	0.00
2420660	AEP Transmission ICP	(50,880.00)	(69,060.00)	18,180.00
2420661	COO Other ICP	(4,650.00)	(6,200.00)	1,550.00
2420664	ST State Mitigation Def (NSR)	(21,078.33)	(21,078.33)	0.00
2430001	Oblig Under Cap Leases - Curr	(780,403.32)	(758,890.20)	(21,513.12)
2430003	Accrued Cur Lease Oblig	(18,556.37)	(4,480.11)	(14,076.26)
2440001	Curr. Unreal Losses - NonAffil	(9,010,529.00)	(11,315,188.98)	2,304,659.98
2440002	LT Unreal Losses - Non Affil	(7,802,697.71)	(10,523,314.80)	2,720,617.09
2440003	Curr. Unreal Losses - Affil	(124,224.32)	(278,853.61)	154,629.29
2440004	LT Unreal Losses - Affil	(129,448.42)	(135,008.54)	5,560.12
2440009	S/T Option Premium Receipts	(16,503.77)	(15,498.81)	(1,004.96)
2440010	L/T Option Premium Receipts	(7,348.76)	(9,798.34)	2,449.58
2440021	S/T Liability MTM Collateral	3,260,009.00	4,445,786.00	(1,185,777.00)
2440022	L/T Liability MTM Collateral	3,351,824.00	5,197,068.00	(1,845,244.00)
2450010	S/T Liability-Commodity Hedges	(482,867.02)	(535,624.10)	52,757.08
2450011	L/T Liability-Commodity Hedges	(200,833.00)	(327,912.00)	127,079.00
2520000	Customer Adv for Construction	(59,441.61)	(60,725.74)	1,284.13
2530000	Other Deferred Credits	(292,995.30)	(292,995.30)	0.00
2530004	Allowances	0.00	0.00	0.00
2530022	Customer Advance Receipts	(1,072,926.02)	(739,076.58)	(333,849.44)
2530050	Deferred Rev -Pole Attachments	(196,206.11)	(33,252.59)	(162,953.52)
2530067	IPP - System Upgrade Credits	(234,274.25)	(233,673.82)	(600.43)
2530092	Fbr Opt Lns-In Kind Sv-Dfd Gns	(177,028.21)	(177,277.21)	249.00
2530101	MACSS Unidentified EDI Cash	(72.66)	0.00	(72.66)
2530112	Other Deferred Credits-Curr	(16,223.74)	(11,161.83)	(5,061.91)
2530113	State Mitigation Deferral (NSR)	(977,760.00)	(977,760.00)	0.00
2530114	Federal Mitigation Deferral(NSR)	(1,627,155.60)	(1,627,155.60)	0.00
2530137	Fbr Opt Lns-Sold-Defd Rev	(160,785.77)	(161,915.42)	1,129.65
2530148	Accrued Penalties-Tax Reserves	(333,340.00)	(333,340.00)	0.00
2540011	Over Recovered Fuel Cost	(4,820,161.88)	(3,713,178.88)	(1,106,983.00)
2540047	Unreal Gain on Fwd Commitments	(13,544,318.92)	(12,047,379.48)	(1,496,939.44)
2540105	Home Energy Assist Prgm - KPCO	0.00	(10,065.98)	10,065.98
2540173	Green Pricing Option	(436.00)	(392.00)	(44.00)
2543001	SFAS109 Flow Thru Def FIT Liab	(1,024,614.78)	(1,061,497.23)	36,882.45
2544001	SFAS 109 Exces Deferred FIT	(1,285,275.39)	(1,301,589.23)	16,313.84
2550001	Accum Deferred ITC - Federal	(1,902,856.00)	(1,971,352.00)	68,496.00
2811001	Acc Dfd FIT - Accel Amort Prop	(31,617,428.85)	(31,747,978.85)	130,550.00
2821001	Accum Defd FIT - Utility Prop	(150,756,789.09)	(139,920,289.47)	(10,836,499.62)
2823001	Acc Dfrd FIT FAS 109 Flow Thru	(52,722,937.73)	(52,753,501.61)	30,563.88
2824001	Acc Dfrd FIT - SFAS 109 Excess	835,429.00	846,033.00	(10,604.00)
2830006	ADIT Federal - SFAS 133 Nonaff	(292,913.08)	(363,785.79)	70,872.71
2831001	Accum Deferred FIT - Other	(20,906,332.55)	(22,339,732.66)	1,433,400.11

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
2832001	Accum Dfrd FIT - Oth Inc & Ded	(1,681,505.17)	(1,627,117.62)	(54,387.55)
2833001	Acc Dfd FIT FAS 109 Flow Thru	(39,725,001.48)	(39,271,768.45)	(453,233.03)
2833002	Acc Dfrd SIT FAS 109 Flow Thru	(32,387,792.00)	(31,045,819.00)	(1,341,973.00)
	LIABILITIES AND OTHER CREDITS	(514,861,328.30)	(514,757,355.75)	(103,972.55)
4030001	Depreciation Exp	35,375,091.61	31,352,475.58	4,022,616.03
4040001	Amort. of Plant	3,240,449.30	2,872,141.94	368,307.36
4060001	Amort of Plt Acq Adj	28,962.00	25,744.00	3,218.00
4073000	Regulatory Debits	233,636.04	207,676.48	25,959.56
4081002	FICA	2,057,831.21	1,863,459.85	194,371.36
4081003	Federal Unemployment Tax	12,130.20	12,104.83	25.37
408100504	Real & Personal Property Taxes	0.00	0.00	0.00
408100505	Real & Personal Property Taxes	1,815.37	1,815.37	0.00
408100506	Real & Personal Property Taxes	(11,197.35)	(11,197.35)	0.00
408100507	Real & Personal Property Taxes	855,420.58	854,674.50	746.08
408100508	Real & Personal Property Taxes	6,464,616.00	5,714,522.00	750,094.00
408100607	State Gross Receipts Tax	0.00	0.00	0.00
408100608	State Gross Receipts Tax	(16,746.00)	(16,746.00)	0.00
408100609	State Gross Receipts Tax	157,315.00	143,398.00	13,917.00
4081007	State Unemployment Tax	25,967.31	25,932.55	34.76
408100807	State Franchise Taxes	0.00	0.00	0.00
408100808	State Franchise Taxes	0.00	0.00	0.00
408100809	State Franchise Taxes	62,800.00	62,800.00	0.00
408101407	Federal Excise Taxes	0.00	0.00	0.00
408101408	Federal Excise Taxes	0.00	0.00	0.00
408101409	Federal Excise Taxes	576.00	576.00	0.00
408101708	St Lic/Rgstrtion Tax/Fees	0.00	0.00	0.00
408101709	St Lic/Rgstrtion Tax/Fees	210.00	155.00	55.00
408101807	St Publ Serv Comm Tax/Fees	0.00	0.00	0.00
408101808	St Publ Serv Comm Tax/Fees	335,182.84	335,182.84	0.00
408101809	St Publ Serv Comm Tax/Fees	187,438.68	124,959.12	62,479.56
408101900	State Sales and Use Taxes	(840,600.00)	(840,600.00)	0.00
408101907	State Sales and Use Taxes	0.00	0.00	0.00
408101908	State Sales and Use Taxes	243,282.02	243,282.02	0.00
408101909	State Sales and Use Taxes	11,838.57	10,762.27	1,076.30
408102208	Municipal License Fees	0.00	0.00	0.00
408102209	Municipal License Fees	100.00	100.00	0.00
408102906	Real/Pers Prop Tax-Cap Leases	0.00	0.00	0.00
408102907	Real/Pers Prop Tax-Cap Leases	103.72	103.72	0.00
408102908	Real/Pers Prop Tax-Cap Leases	81.13	(790.13)	871.26
408102909	Real/Pers Prop Tax-Cap Leases	24,750.00	22,000.00	2,750.00
4081033	Fringe Benefit Loading - FICA	(793,077.43)	(715,659.02)	(77,418.41)
4081034	Fringe Benefit Loading - FUT	(8,526.75)	(7,648.31)	(878.44)
4081035	Fringe Benefit Loading - SUT	(9,304.90)	(8,426.46)	(878.44)
408103607	Real Prop Tax-Cap Leases	0.00	0.00	0.00
408103608	Real Prop Tax-Cap Leases	(864.43)	(864.43)	0.00
408103609	Real Prop Tax-Cap Leases	9,018.00	8,016.00	1,002.00

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
408200508	Real & Personal Property Taxes	41,247.00	36,664.00	4,583.00
4091001	Income Taxes, UOI - Federal	(12,050,275.86)	(2,492,135.18)	(9,558,140.68)
409100200	Income Taxes, UOI - State	0.00	0.00	0.00
409100207	Income Taxes, UOI - State	0.00	0.00	0.00
409100208	Income Taxes, UOI - State	0.00	0.00	0.00
409100209	Income Taxes, UOI - State	(1,060,128.53)	382,128.67	(1,442,257.20)
4092001	Inc Tax, Oth Inc&Ded-Federal	301,376.43	159,510.66	141,865.77
409200207	Inc Tax, Oth Inc & Ded - State	0.00	0.00	0.00
409200208	Inc Tax, Oth Inc & Ded - State	0.00	0.00	0.00
409200209	Inc Tax, Oth Inc & Ded - State	43,355.73	22,947.05	20,408.68
4101001	Prov Def I/T Util Op Inc-Fed	50,934,365.18	36,338,420.21	14,595,944.97
4102001	Prov Def I/T Oth I&D - Federal	117,016.55	62,285.30	54,731.25
4111001	Prv Def I/T-Cr Util Op Inc-Fed	(28,720,022.64)	(23,970,110.57)	(4,749,912.07)
4111005	Accretion Expense	1,274.82	1,274.82	0.00
4112001	Prv Def I/T-Cr Oth I&D-Fed	(339,749.86)	(334,322.14)	(5,427.72)
4114001	ITC Adj, Utility Oper - Fed	(616,464.00)	(547,968.00)	(68,496.00)
4116000	Gain From Disposition of Plant	(1,396.00)	(1,241.00)	(155.00)
4118002	Comp. Allow. Gains SO2	(38,629.72)	(38,629.72)	0.00
4118003	Comp. Allow. Gains-Seas NOx	0.00	0.00	0.00
4180001	Non-Operatng Rental Income	(41,625.00)	(37,025.00)	(4,600.00)
4180005	Non-Opratng Rntal Inc-Depr	5,002.29	4,446.48	555.81
4190002	Int & Dividend Inc - Nonassoc	(23,361.93)	(21,097.18)	(2,264.75)
4190005	Interest Income - Assoc CBP	(20,719.58)	(17,600.61)	(3,118.97)
4191000	Allw Oth Fnds Usd Drng Cnstr	(137,208.00)	(57,952.14)	(79,255.86)
4210002	Misc Non-Op Inc-NonAsc-Rents	(32,908.45)	(32,633.45)	(275.00)
4210005	Misc Non-Op Inc-NonAsc-Timber	(69,086.82)	(26,878.14)	(42,208.68)
4210007	Misc Non-Op Inc - NonAsc - Oth	(19,199.90)	(17,107.20)	(2,092.70)
4210009	Misc Non-Op Exp - NonAssoc	(1.36)	(1.31)	(0.05)
4210021	MTM Credit Reserve (B/L)	0.00	0.00	0.00
4210025	B/L MTM Assignments	(1,875,856.00)	(2,455,327.00)	579,471.00
4210026	B/L Affl MTM Assign	1,455,485.00	2,070,076.00	(614,591.00)
4210027	Realized Financial Assignments	53,139.18	110,249.64	(57,110.46)
4210028	Realized Affil Financial Assgn	367,231.82	275,001.36	92,230.46
4210031	Pwr Sales Outside Svc Territy	(3,437,044.70)	(2,584,590.36)	(852,454.34)
4210032	Pwr Purch Outside Svc Territy	2,734,410.16	2,432,586.62	301,823.54
4210033	Mark to Mkt Out Svc Territory	524,660.34	667,092.38	(142,432.04)
4210035	Gn/Ls MTM Emissions - Forwards	(3,997.65)	(1,613.33)	(2,384.32)
4210038	Speculative Realized SO2	0.00	0.00	0.00
4210039	Carrying Charges	(121,288.11)	(108,172.37)	(13,115.74)
4210043	Realiz Sharing West Coast Pwr	2,216.00	2,216.00	0.00
4210045	UnReal Aff Fin Assign SNWA	(235,745.00)	(402,882.00)	167,137.00
4210046	Real Aff Fin Assign SNWA	(30,077.68)	(19,580.21)	(10,497.47)
4210049	Interest Rate Swaps-BTL Power	3,016.56	2,520.79	495.77
4210053	Specul. Allow. Gains-SO2	(3,644.05)	(3,644.05)	0.00
4210056	Specul. Allow. Gains-CO2	(13.79)	(13.79)	0.00
4212000	Loss on Dpsition of Property	0.00	0.00	0.00

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
4261000	Donations	119,663.89	114,006.12	5,657.77
4263001	Penalties	1,258.48	521.02	737.46
4263004	NSR Settlement Penalties	0.00	0.00	0.00
4264000	Civic & Political Activities	55,692.61	38,158.57	17,534.04
4265002	Other Deductions - Nonassoc	8,470.12	7,438.38	1,031.74
4265003	Special Allowance Losses	0.00	0.00	0.00
4265004	Social & Service Club Dues	177,461.96	176,085.73	1,376.23
4265007	Regulatory Expenses	8.23	0.00	8.23
4265009	Factored Cust A/R Exp - Affil	931,006.94	843,990.03	87,016.91
4265010	Fact Cust A/R-Bad Debts-Affil	879,083.91	797,685.61	81,398.30
4265053	Specul. Allow Loss-SO2	(1,788.87)	(2,269.01)	480.14
4265054	Specul. Allow Loss-Seas NOx	843.75	681.81	161.94
4265056	Specul. Allow Loss-CO2	7,570.83	3,341.83	4,229.00
4270006	Int on LTD - Sen Unsec Notes	20,773,393.55	17,940,168.03	2,833,225.52
4280006	Amrtz Dscnt&Exp-Sn Unsec Note	339,301.19	299,715.08	39,586.11
4281004	Amrtz Loss Rquired Debt-Dbnt	25,236.45	22,432.40	2,804.05
4300001	Interest Exp - Assoc Non-CBP	846,027.00	758,527.00	87,500.00
4300003	Int to Assoc Co - CBP	986,093.35	986,021.26	72.09
4310001	Other Interest Expense	247,055.96	289,837.78	(42,781.82)
4310002	Interest on Customer Deposits	736,838.13	651,663.36	85,174.77
4310007	Lines Of Credit	105,613.45	84,558.48	21,054.97
4320000	Allw Brwed Fnds Used Cnstr-Cr	(217,615.81)	(169,960.84)	(47,654.97)
4400001	Residential Sales-W/Space Htg	(61,401,943.92)	(56,826,339.23)	(4,575,604.69)
4400002	Residential Sales-W/O Space Ht	(30,884,298.65)	(28,055,207.68)	(2,829,090.97)
4400005	Residential Fuel Rev	(55,026,240.35)	(51,203,730.04)	(3,822,510.31)
4420001	Commercial Sales	(41,740,360.69)	(37,835,237.63)	(3,905,123.06)
4420002	Industrial Sales (Excl Mines)	(36,278,698.77)	(33,108,097.67)	(3,170,601.10)
4420004	Ind Sales-NonAffil(Incl Mines)	(27,388,878.49)	(24,734,924.13)	(2,653,954.36)
4420006	Sales to Pub Auth - Schools	(7,371,688.62)	(6,537,229.03)	(834,459.59)
4420007	Sales to Pub Auth - Ex Schools	(7,237,859.18)	(6,555,788.87)	(682,070.31)
4420013	Commercial Fuel Rev	(32,835,241.33)	(30,009,794.83)	(2,825,446.50)
4420016	Industrial Fuel Rev	(72,864,254.69)	(66,382,168.24)	(6,482,086.45)
4440000	Public Street/Highway Lighting	(773,333.10)	(676,187.83)	(97,145.27)
4440002	Public St & Hwy Light Fuel Rev	(220,325.27)	(194,874.98)	(25,450.29)
4470001	Sales for Resale - Assoc Cos	87,417.13	76,720.30	10,696.83
4470002	Sales for Resale - NonAssoc	(9,820,559.72)	(8,451,626.29)	(1,368,933.43)
4470004	Sales for Resale-Nonaff-Ancill	(62,253.97)	(57,299.01)	(4,954.96)
4470005	Sales for Resale-Nonaff-Transm	(570,415.57)	(502,498.16)	(67,917.41)
4470006	Sales for Resale-Bookout Sales	(44,559,586.70)	(39,715,865.76)	(4,843,720.94)
4470010	Sales for Resale-Bookout Purch	39,345,756.95	34,940,505.18	4,405,251.77
4470027	Whsal/Muni/Pb Ath Fuel Rev	(2,189,698.30)	(1,958,192.50)	(231,505.80)
4470028	Sale/Resale - NA - Fuel Rev	(22,475,112.46)	(20,128,383.61)	(2,346,728.85)
4470033	Whsal/Muni/Pub Auth Base Rev	(2,709,928.84)	(2,519,198.77)	(190,730.07)
4470035	Sls for Rsl - Fuel Rev - Assoc	(311,695.83)	(274,315.72)	(37,380.11)
4470064	Purch Pwr PhysTrad - Non Assoc	0.00	0.00	0.00
4470066	PWR Trding Trans Exp-NonAssoc	93,420.00	88,120.09	5,299.91

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
4470081	Financial Spark Gas - Realized	219,664.40	167,452.95	52,211.45
4470082	Financial Electric Realized	7,577,726.38	6,795,390.06	782,336.32
4470089	PJM Energy Sales Margin	1,904,788.39	1,544,753.51	360,034.88
4470091	PJM Explicit Congestion OSS	(15,177.82)	(15,177.82)	0.00
4470093	PJM Implicit Congestion-LSE	5,852,050.24	5,604,212.18	247,838.06
4470098	PJM Oper.Reserve Rev-OSS	(874,264.74)	(769,979.50)	(104,285.24)
4470099	Capacity Cr. Net Sales	(1,287,374.21)	(1,100,263.67)	(187,110.54)
4470100	PJM FTR Revenue-OSS	(1,718,742.59)	(1,787,992.54)	69,249.95
4470101	PJM FTR Revenue-LSE	(6,066,080.01)	(6,181,491.36)	115,411.35
4470103	PJM Energy Sales Cost	(16,017,194.33)	(14,382,646.36)	(1,634,547.97)
4470106	PJM Pt2Pt Trans.Purch-NonAff.	3,787.90	3,475.46	312.44
4470107	PJM NITS Purch-NonAff.	(8,819.99)	(7,888.74)	(931.25)
4470109	PJM FTR Revenue-Spec	214,785.96	137,940.96	76,845.00
4470110	PJM TO Admin. Exp.-NonAff.	(8,938.22)	(9,814.84)	876.62
4470112	Non-Trading Bookout Sales-OSS	(519,537.51)	(504,491.25)	(15,046.26)
4470115	PJM Meter Corrections-OSS	163,074.22	164,209.87	(1,135.65)
4470116	PJM Meter Corrections-LSE	14,584.96	1,208.06	13,376.90
4470124	PJM Incremental Spot-OSS	(499.64)	4,361.06	(4,860.70)
4470125	PJM Incremental Exp Cong-OSS	65,130.40	73,367.10	(8,236.70)
4470126	PJM Incremental Imp Cong-OSS	152,503.54	115,371.37	37,132.17
4470128	Sales for Res-Aff. Pool Energy	(49,030,255.00)	(45,340,928.00)	(3,689,327.00)
4470131	Non-Trading Bookout Purch-OSS	282,179.61	282,109.82	69.79
4470141	PJM Contract Net Charge Credit	(0.04)	0.01	(0.05)
4470143	Financial Hedge Realized	(2,412,030.67)	(2,080,710.39)	(331,320.28)
4470144	Realiz.Sharing - 06 SIA	6,650.00	6,650.00	0.00
4470150	Transm. Rev.-Dedic. Whls/Muni	(493,683.47)	(435,728.47)	(57,955.00)
4470155	OSS Physical Margin Reclass	8,111,440.18	6,815,881.11	1,295,559.07
4470156	OSS Optim. Margin Reclass	(8,111,440.18)	(6,815,881.11)	(1,295,559.07)
4470166	Marginal Explicit Losses	(8,256.75)	(8,256.75)	0.00
4470167	MISO FTR Revenues OSS	(3,385.99)	(3,339.41)	(46.58)
4470168	Interest Rate Swaps-Power	24,763.14	20,747.39	4,015.75
4470169	Capacity Sales Trading	42,038.52	50,694.37	(8,655.85)
4470170	Non-ECR Auction Sales-OSS	(14,849,736.72)	(13,721,344.87)	(1,128,391.85)
4470174	PJM Whlse FTR Rev - OSS	(24,802.97)	(15,619.16)	(9,183.81)
4470202	PJM OpRes-LSE-Credit	(2,285,215.84)	(2,154,517.00)	(130,698.84)
4470203	PJM OpRes-LSE-Charge	2,670,041.03	2,446,881.06	223,159.97
4470204	PJM Spinning-Credit	(79,194.72)	(79,194.72)	0.00
4470205	PJM Spinning-Charge	13,392.11	13,392.11	0.00
4470206	PJM Trans loss credits-OSS	(991,822.30)	(874,514.98)	(117,307.32)
4470207	PJM transm loss charges - LSE	9,990,016.36	9,272,096.16	717,920.20
4470208	PJM Transm loss credits-LSE	(5,493,456.70)	(5,127,255.65)	(366,201.05)
4470209	PJM transm loss charges-OSS	1,662,454.26	1,464,336.88	198,117.38
4470210	PJM ML OSS 3 Pct Rev	0.00	0.00	0.00
4470211	PJM ML OSS 3 Pct Fuel	0.00	0.00	0.00
4470212	PJM ML OSS 3 Pct NonFuel	0.00	0.00	0.00
4470214	PJM 30m Suppl Reserve CR OSS	(72,917.76)	(72,340.72)	(577.04)

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
4470215	PJM 30m Suppl Reserve CH OSS	11,548.60	11,116.49	432.11
4470216	PJM Explicit Loss not in ECR	216,083.25	222,412.60	(6,329.35)
4491003	Prov Rate Refund - Retail	0.00	0.00	0.00
4500000	Forfeited Discounts	(1,405,454.54)	(1,251,677.15)	(153,777.39)
4510001	Misc Service Rev - Nonaffil	(315,720.20)	(279,880.26)	(35,839.94)
4540001	Rent From Elect Property - Af	(185,113.89)	(164,545.68)	(20,568.21)
4540002	Rent From Elect Property-NAC	(3,307,493.78)	(2,988,899.99)	(318,593.79)
4540004	Rent From Elect Prop-ABD-Nonaf	(51,526.22)	(38,817.29)	(12,708.93)
4560007	Oth Elect Rev - DSM Program	(973,823.50)	(899,879.20)	(73,944.30)
4560012	Oth Elect Rev - Nonaffiliated	35,150.77	36,459.88	(1,309.11)
4560015	Other Electric Revenues - ABD	(2,035,342.86)	(1,969,549.81)	(65,793.05)
4560016	Financial Trading Rev-Unreal	(104,803.24)	(197,194.65)	92,391.41
4560041	Miscellaneous Revenue-NonAffil	(0.66)	(0.93)	0.27
4560049	Merch Generation Finan -Realzd	57.49	59.94	(2.45)
4560050	Oth Elec Rev-Coal Trd Rlzd G-L	(766,808.62)	(668,692.28)	(98,116.34)
4560109	Interest Rate Swaps-Coal	1,242.84	1,015.48	227.36
4560111	MTM Aff GL Coal Trading	104,803.24	197,194.65	(92,391.41)
4560112	Realized GL Coal Trading-Affil	208,389.40	181,651.24	26,738.16
4561002	RTO Formation Cost Recovery	(11,153.76)	(9,931.45)	(1,222.31)
4561003	PJM Expansion Cost Recov	(57,726.67)	(51,315.02)	(6,411.65)
4561005	PJM Point to Point Trans Svc	(691,094.42)	(636,662.89)	(54,431.53)
4561006	PJM Trans Owner Admin Rev	(117,295.96)	(105,923.32)	(11,372.64)
4561007	PJM Network Integ Trans Svc	(2,850,715.36)	(2,483,068.04)	(367,647.32)
4561019	Oth Elec Rev Trans Non Affil	(52,464.00)	(48,024.00)	(4,440.00)
5000000	Oper Supervision & Engineering	3,864,435.55	3,434,072.83	430,362.72
5000001	Oper Super & Eng-RATA-Affil	20,220.70	20,220.70	0.00
5010000	Fuel	423,843.04	407,776.81	16,066.23
5010001	Fuel Consumed	121,001,638.20	112,526,239.05	8,475,399.15
5010003	Fuel - Procure Unload & Handle	1,626,324.00	1,499,675.57	126,648.43
5010005	Fuel - Deferred	14,773,326.12	13,666,343.12	1,106,983.00
5010013	Fuel Survey Activity	1.00	1.00	0.00
5010019	Fuel Oil Consumed	1,978,993.27	1,713,331.02	265,662.25
5010200	PJM Fuel ML 3 Pct -DR	0.00	0.00	0.00
5010201	PJM Fuel ML 3 Pct -CR	0.00	0.00	0.00
5020000	Steam Expenses	1,171,361.11	1,098,572.32	72,788.79
5020001	Lime Expense	62.99	26.83	36.16
5020002	Urea Expense	2,441,653.01	2,281,551.18	160,101.83
5020003	Trona Expense	73.57	21.86	51.71
5020004	Limestone Expense	69.23	16.76	52.47
5050000	Electric Expenses	89,200.96	80,692.87	8,508.09
5060000	Misc Steam Power Expenses	1,488,127.90	1,348,458.93	139,668.97
5060002	Misc Steam Power Exp-Assoc	4,926.00	4,488.00	438.00
5060004	NSR Settlement Expense	(40,456.20)	(37,082.89)	(3,373.31)
5060006	Voluntary CO2 Compliance Exp	2,283.99	26.65	2,257.34
5060025	Misc Stm Pwr Exp Environmental	13.09	31.04	(17.95)
5090000	Allowance Consumption SO2	932,775.59	858,130.95	74,644.64

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
5090005	An. NOx Cons. Exp	69,261.12	52,766.94	16,494.18
5100000	Maint Supv & Engineering	349,846.18	300,374.52	49,471.66
5110000	Maintenance of Structures	345,064.91	315,418.54	29,646.37
5120000	Maintenance of Boiler Plant	5,001,969.84	4,430,980.18	570,989.66
5130000	Maintenance of Electric Plant	1,507,140.94	1,407,369.11	99,771.83
5140000	Maintenance of Misc Steam Plt	488,676.03	454,548.35	34,127.68
5550001	Purch Pwr-NonTrading-Nonassoc	7,592,540.62	6,581,794.82	1,010,745.80
5550002	Purchased Power - Associated	332.08	332.08	0.00
5550004	Purchased Power-Pool Capacity	42,147,333.00	37,769,659.00	4,377,674.00
5550005	Purchased Power - Pool Energy	6,913,372.21	4,498,327.00	2,415,045.21
5550023	Purch Power Capacity -NA	273,624.00	204,701.25	68,922.75
5550027	Purch Pwr-Non-Fuel Portion-Aff	30,725,178.00	27,173,582.00	3,551,596.00
5550032	Gas-Conversion-Mone Plant	157,388.41	151,968.75	5,419.66
5550035	Normal Purchases (non-ECR)	(107,534.74)	(107,534.74)	0.00
5550036	PJM Emer.Energy Purch.	16,383.58	12,395.18	3,988.40
5550039	PJM Inadvertent Mtr Res-OSS	364.16	1,896.57	(1,532.41)
5550040	PJM Inadvertent Mtr Res-LSE	34,651.17	46,987.06	(12,335.89)
5550041	PJM Ancillary Serv.-Sync	32,517.81	32,353.37	164.44
5550046	Purch Power-Fuel Portion-Affil	47,917,120.88	43,366,194.08	4,550,926.80
5550074	PJM Reactive-Charge	1,739,122.67	1,533,142.37	205,980.30
5550075	PJM Reactive-Credit	(1,661,862.86)	(1,467,812.25)	(194,050.61)
5550076	PJM Black Start-Charge	39,636.07	35,259.36	4,376.71
5550077	PJM Black Start-Credit	(17,461.32)	(15,499.87)	(1,961.45)
5550078	PJM Regulation-Charge	2,233,083.96	2,048,307.48	184,776.48
5550079	PJM Regulation-Credit	(710,056.13)	(629,603.80)	(80,452.33)
5550080	PJM Hourly Net Purch.-FERC	10,002,299.30	9,346,019.24	656,280.06
5550083	PJM Spinning Reserve-Charge	48,092.88	26,689.29	21,403.59
5550084	PJM Spinning Reserve-Credit	(7,248.33)	(3,745.80)	(3,502.53)
5550088	Normal Capacity Purchases	116,421.83	105,305.12	11,116.71
5550090	PJM 30m Suppl Rserv Charge LSE	3,730.45	3,704.22	26.23
5550093	Peak Hour Avail charge - LSE	(840,726.33)	0.00	(840,726.33)
5550094	Purchased Power - Fuel	5,894,941.30	5,180,737.04	714,204.26
5550099	PJM Purchases-non-ECR-Auction	9,217,530.55	8,630,211.93	587,318.62
5550100	Capacity Purchases-Auction	1,076,014.48	1,037,497.50	38,516.98
5550101	Purch Power-Pool Non-Fuel -Aff	667,127.00	499,411.00	167,716.00
5550102	Pur Power-Pool NonFuel-OSS-Aff	21,925,738.00	19,362,851.00	2,562,887.00
5550107	Capacity purchases - Trading	613,230.05	527,468.05	85,762.00
5560000	Sys Control & Load Dispatching	306,641.80	264,787.50	41,854.30
5570000	Other Expenses	2,066,258.24	1,797,619.61	268,638.63
5570007	Other Pwr Exp - Wholesale RECs	7,792.73	7,792.73	0.00
5570008	Other Pwr Exp - Retail RECs	376.68	332.68	44.00
5600000	Oper Supervision & Engineering	421,583.07	368,348.47	53,234.60
5610000	Load Dispatching	913.73	555.08	358.65
5611000	Load Dispatch - Reliability	8,246.00	6,742.60	1,503.40
5612000	Load Dispatch-Mntr&Op TransSys	581,082.40	518,308.17	62,774.23
5613000	Load Dispatch-Trans Svc&Sched	1,741.43	1,698.17	43.26

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
5614000	PJM Admin-SSC&DS-OSS	74,080.46	64,952.21	9,128.25
5614001	PJM Admin-SSC&DS-Internal	889,111.04	791,060.02	98,051.02
5614007	PJM Admin Defaults LSE	18,346.45	18,346.45	0.00
5614008	PJM Admin Defaults OSS	2,909.60	2,909.60	0.00
5615000	Reliability,Plng&Stds Develop	31,245.56	28,937.43	2,308.13
5618000	PJM Admin-RP&SDS-OSS	12,963.25	11,483.01	1,480.24
5618001	PJM Admin-RP&SDS- Internal	153,113.44	137,152.56	15,960.88
5620001	Station Expenses - Nonassoc	153,863.04	136,338.14	17,524.90
5630000	Overhead Line Expenses	186,919.48	187,383.07	(463.59)
5650002	Transmssn Elec by Others-NAC	86,259.00	78,594.00	7,665.00
5650003	AEP Trans Equalization Agmt	(6,927,758.00)	(6,214,681.00)	(713,077.00)
5650012	PJM Trans Enhancement Charge	677,649.09	574,830.87	102,818.22
5650018	PJM Trans Enhancement Credits	(76,108.64)	(57,571.87)	(18,536.77)
5660000	Misc Transmission Expenses	207,980.14	199,186.42	8,793.72
5670001	Rents - Nonassociated	8,863.43	8,863.43	0.00
5680000	Maint Supv & Engineering	86,034.82	76,552.65	9,482.17
5690000	Maintenance of Structures	8,090.72	7,379.79	710.93
5691000	Maint of Computer Hardware	36,622.41	33,026.08	3,596.33
5692000	Maint of Computer Software	193,432.38	176,815.60	16,616.78
5693000	Maint of Communication Equip	156,306.36	141,831.46	14,474.90
5700000	Maint of Station Equipment	570,147.92	515,135.39	55,012.53
5710000	Maintenance of Overhead Lines	1,296,440.92	1,188,634.86	107,806.06
5720000	Maint of Underground Lines	103.08	103.08	0.00
5730000	Maint of Misc Trnsmssion Plt	665.20	668.22	(3.02)
5757000	PJM Admin-MAM&SC- OSS	73,752.14	64,118.06	9,634.08
5757001	PJM Admin-MAM&SC- Internal	901,536.08	797,801.09	103,734.99
5800000	Oper Supervision & Engineering	625,384.96	556,144.90	69,240.06
5810000	Load Dispatching	1,711.41	1,242.76	468.65
5820000	Station Expenses	184,243.39	161,195.48	23,047.91
5830000	Overhead Line Expenses	953,669.06	840,713.50	112,955.56
5840000	Underground Line Expenses	63,814.97	57,333.20	6,481.77
5850000	Street Lighting & Signal Sys E	37,308.87	32,406.73	4,902.14
5860000	Meter Expenses	571,133.81	488,107.50	83,026.31
5870000	Customer Installations Exp	92,873.48	76,602.25	16,271.23
5880000	Miscellaneous Distribution Exp	1,285,304.04	1,223,986.94	61,317.10
5890001	Rents - Nonassociated	1,173,964.51	1,060,759.60	113,204.91
5890002	Rents - Associated	48,542.31	43,148.72	5,393.59
5900000	Maint Supv & Engineering	7,325.07	7,148.19	176.88
5910000	Maintenance of Structures	4,621.05	4,499.36	121.69
5920000	Maint of Station Equipment	493,546.44	419,056.28	74,490.16
5930000	Maintenance of Overhead Lines	26,043,110.63	23,654,201.50	2,388,909.13
5930001	Tree and Brush Control	128,600.49	110,926.94	17,673.55
5940000	Maint of Underground Lines	137,991.10	127,726.48	10,264.62
5950000	Maint of Lne Trnf,Rglators&Dvi	83,564.24	88,209.88	(4,645.64)
5960000	Maint of Strt Lghtng & Sgnal S	34,645.73	27,255.10	7,390.63
5970000	Maintenance of Meters	35,614.58	31,536.45	4,078.13

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
5980000	Maint of Misc Distribution Plt	406,271.92	366,219.40	40,052.52
9010000	Supervision - Customer Accts	305,244.53	268,159.01	37,085.52
9020000	Meter Reading Expenses	20,394.46	19,693.83	700.63
9020001	Customer Card Reading	(12.50)	(12.01)	(0.49)
9020002	Meter Reading - Regular	433,977.60	384,646.58	49,331.02
9020003	Meter Reading - Large Power	31,597.80	27,929.79	3,668.01
9020004	Read-In & Read-Out Meters	36,405.29	29,432.30	6,972.99
9030000	Cust Records & Collection Exp	402,134.96	357,780.65	44,354.31
9030001	Customer Orders & Inquiries	2,141,613.54	1,938,300.81	203,312.73
9030002	Manual Billing	32,723.19	29,415.81	3,307.38
9030003	Postage - Customer Bills	521,318.67	466,555.41	54,763.26
9030004	Cashiering	100,985.58	80,642.03	20,343.55
9030005	Collection Agents Fees & Exp	77,949.09	69,727.04	8,222.05
9030006	Credit & Oth Collection Activi	765,615.79	677,067.89	88,547.90
9030007	Collectors	305,408.09	273,615.70	31,792.39
9030009	Data Processing	134,872.53	117,168.32	17,704.21
9040007	Uncoll Accts - Misc Receivable	9,333.89	4,977.48	4,356.41
9050000	Misc Customer Accounts Exp	4,725.21	4,727.27	(2.06)
9070000	Supervision - Customer Service	153,024.08	134,596.34	18,427.74
9070001	Supervision - DSM	3,426.31	2,953.44	472.87
9080000	Customer Assistance Expenses	343,556.17	299,605.19	43,950.98
9080009	Cust Assistance Expense - DSM	757,040.91	710,107.15	46,933.76
9090000	Information & Instruct Advrtis	163,516.75	159,248.95	4,267.80
9100000	Misc Cust Svc&Informational Ex	26,855.74	26,484.47	371.27
9100001	Misc Cust Svc & Info Exp - RCS	0.00	0.00	0.00
9130001	Advertising Exp - Residential	76.80	76.80	0.00
9200000	Administrative & Gen Salaries	4,978,742.56	4,382,603.64	596,138.92
9200004	I C Adjustments	0.00	0.00	0.00
9210001	Off Supl & Exp - Nonassociated	657,814.45	604,599.57	53,214.88
9210003	Office Supplies & Exp - Trnsf	0.00	0.00	0.00
9210005	Cellular Phones and Pagers	15.69	15.69	0.00
9220000	Administrative Exp Trnsf - Cr	(6,270.73)	(6,270.73)	0.00
9220001	Admin Exp Trnsf to Cnstrction	(324,365.93)	(293,864.93)	(30,501.00)
9220004	Admin Exp Trnsf to ABD	(8,432.18)	(8,114.71)	(317.47)
9220125	SSA Expense Transfers BL	(365,835.12)	(322,779.72)	(43,055.40)
9220127	SSA Expense Transfers IT	(53.00)	(53.00)	0.00
9230001	Outside Svcs Empl - Nonassoc	450,584.21	391,429.51	59,154.70
9230003	AEPSC Billed to Client Co	2,714,756.35	2,360,494.58	354,261.77
9240000	Property Insurance	298,795.37	258,493.58	40,301.79
9250000	Injuries and Damages	773,208.90	678,532.23	94,676.67
9250001	Safety Dinners and Awards	(10.93)	(10.93)	0.00
9250002	Emp Accident Prvntion-Adm Exp	95,638.24	86,187.94	9,450.30
9250004	Injuries to Employees	117.77	117.77	0.00
9250006	Wrkrs Cmpnsth Pre&Sif Ins Prv	288,350.26	290,295.39	(1,945.13)
9250007	Prsnal Injries&Prop Dmage-Pub	281,625.47	281,233.92	391.55
9250010	Frg Ben Loading - Workers Comp	(76,478.42)	(71,041.12)	(5,437.30)

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
9260000	Employee Pensions & Benefits	7,527.62	6,826.14	701.48
9260001	Edit & Print Empl Pub-Salaries	12,118.47	9,545.54	2,572.93
9260002	Pension & Group Ins Admin	9,437.00	9,263.00	174.00
9260003	Pension Plan	1,661,562.18	1,476,944.16	184,618.02
9260004	Group Life Insurance Premiums	115,543.75	102,745.90	12,797.85
9260005	Group Medical Ins Premiums	3,744,216.53	3,073,186.16	671,030.37
9260006	Physical Examinations	125.00	125.00	0.00
9260007	Group L-T Disability Ins Prem	303.81	303.81	0.00
9260009	Group Dental Insurance Prem	115,341.11	96,257.40	19,083.71
9260010	Training Administration Exp	9,076.12	9,040.08	36.04
9260012	Employee Activities	650.18	660.96	(10.78)
9260014	Educational Assistance Pmts	20,569.15	14,717.99	5,851.16
9260021	Postretirement Benefits - OPEB	3,074,674.50	2,733,044.00	341,630.50
9260027	Savings Plan Contributions	1,202,801.17	1,059,262.88	143,538.29
9260036	Deferred Compensation	13,339.72	5,263.33	8,076.39
9260037	Supplemental Pension	2,099.89	1,866.57	233.32
9260050	Frg Ben Loading - Pension	(379,306.65)	(331,620.15)	(47,686.50)
9260051	Frg Ben Loading - Grp Ins	(1,337,553.32)	(1,202,368.06)	(135,185.26)
9260052	Frg Ben Loading - Savings	(413,680.88)	(374,404.12)	(39,276.76)
9260053	Frg Ben Loading - OPEB	(665,793.62)	(594,622.96)	(71,170.66)
9260055	IntercoFringeOffset- Don't Use	(730,588.43)	(663,114.72)	(67,473.71)
9260057	Postret Ben Medicare Subsidy	(658,982.39)	(586,700.67)	(72,281.72)
9260058	Frg Ben Loading - Accrual	24,578.89	94,234.99	(69,656.10)
9270000	Franchise Requirements	139,075.57	119,717.86	19,357.71
9280000	Regulatory Commission Exp	36.30	36.04	0.26
9280001	Regulatory Commission Exp-Adm	240.33	189.76	50.57
9280002	Regulatory Commission Exp-Case	(1,185.52)	(1,342.15)	156.63
9301000	General Advertising Expenses	0.00	0.00	0.00
9301001	Newspaper Advertising Space	19,007.11	17,841.62	1,165.49
9301002	Radio Station Advertising Time	1,500.00	1,500.00	0.00
9301006	Spec Corporate Comm Info Proj	0.00	0.00	0.00
9301007	Special Adv Space & Prod Exp	0.00	0.00	0.00
9301008	Direct Mail and Handouts	561.79	561.79	0.00
9301009	Fairs, Shows, and Exhibits	517.46	517.46	0.00
9301010	Publicity	852.49	799.24	53.25
9301011	Dedications, Tours, & Openings	1.97	1.97	0.00
9301012	Public Opinion Surveys	21,557.11	15,996.67	5,560.44
9301013	Movies Slide Films & Speeches	23,151.09	23,151.09	0.00
9301014	Video Communications	43.79	43.79	0.00
9301015	Other Corporate Comm Exp	49,728.09	49,769.31	(41.22)
9302000	Misc General Expenses	121,272.67	116,964.57	4,308.10
9302003	Corporate & Fiscal Expenses	17,926.40	10,018.66	7,907.74
9302004	Research, Develop&Demonstr Exp	3,359.51	1,898.96	1,460.55
9302007	Assoc Business Development Exp	293,883.65	290,661.31	3,222.34
9310000	Rents	1,679.25	1,679.25	0.00
9310001	Rents - Real Property	69,733.05	61,984.94	7,748.11

KYP CORP CONSOLIDATED				
Trial Balance				
For The Month Ended SEPTEMBER 30, 2009				
Account Number	Description	Current Month Balance to Date	Last Month Balance to Date	Variance
9310002	Rents - Personal Property	193,072.94	173,564.15	19,508.79
9310003	Rents - Real Property - Assoc	0.00	0.00	0.00
9350000	Maintenance of General Plant	359.97	41.02	318.95
9350001	Maint of Structures - Owned	223,750.86	178,237.79	45,513.07
9350002	Maint of Structures - Leased	37,973.18	34,599.31	3,373.87
9350003	Maint of Prprty Held Fture Use	0.00	0.00	0.00
9350006	Maint of Carrier Equipment	867.18	867.18	0.00
9350007	Maint of Radio Equip - Owned	55,623.08	55,385.76	237.32
9350012	Maint of Data Equipment	128.17	128.17	0.00
9350013	Maint of Cmmncation Eq-Unall	753,789.43	684,663.93	69,125.50
9350015	Maint of Office Furniture & Eq	32.50	32.50	0.00
9350016	Maintenance of Video Equipment	62.35	62.35	0.00
	NET INCOME - EARN FOR CMMN STK	(16,971,119.35)	(19,125,255.88)	2,154,136.53
	PREF STK DIVIDEND REQUIREMENT	0.00	0.00	0.00

Kentucky Power Company

REQUEST

Refer to the Company's response to Staff 2-79. Please provide the balance of the unfunded OPEB liability at September 30, 2009 and indicate if this balance was used to reduce prepayments or any other component of rate base in any manner.

RESPONSE

The Company's response to Staff 2-79 addresses the FAS 87 prepaid pension asset of \$15,390,035 as of September 30, 2009, which is the cumulative amount of pension cash contributions beyond the cumulative amount of pension cost included in cost of service. This substantial prepaid pension asset represents an additional cash investment in the pension plan that should be included in rate base so that the Company has the opportunity to recover its cost of funds on the additional cash contributions.

For OPEB, however, the Company generally contributes the amount of its OPEB cost to the postretirement benefit trust fund on an ongoing basis. Therefore, there is no significant cumulative difference between the amount of OPEB cost and the amount of OPEB contributions to be reflected in rate base. At September 30, 2009, the Company had an unfunded FAS 106 accrued liability of only \$16,312, which was not used to adjust rate base.

WITNESS: Hugh E McCoy